

NEW APPLICATION



COMMISSIONERS

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-03718A-15-0213
SAHUARITA WATER COMPANY, INC. FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PROPERTY AND)
FOR THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES.)

SAHUARITA WATER COMPANY, INC.

APPLICATION, TESTIMONY, EXHIBITS AND SCHEDULES

JUNE 26, 2015

Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH- CHAIRMAN

BOB STUMP

BOB BURNS

DOUG LITTLE

TOM FORESE

IN THE MATTER OF THE APPLICATION OF
SAHUARITA WATER COMPANY, LLC, FOR
A DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PROPERTY AND
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES.

Docket No. W- 03718A-15-_____

APPLICATION

Sahuarita Water Company ("SWC" or the "Company") submits its Application for an increase to its revenues by \$332,734, or approximately 11.49% over the adjusted and annualized test-year revenues, for a total revenue requirement of \$3,229,480, to be effective no later than June 30, 2016. In support of its Application, SWC states the following:

1. SWC is a for-profit public service corporation engaged in providing water service in Pima County, Arizona. The water system assets twice changed hands from when originally owned by Interchange Water Company. Interchange received a Certificate of Convenience and Necessity ("CCN") in Decision No. 59431 (December 28, 1995). The CCN and water system assets were then transferred to Rancho Sahuarita Water Company in Decision No. 62032 (November 24, 1999). Rancho Sahuarita received an extension to its CCN in Decision No. 67078 (June 25, 2004). In Decision No. 70620 (November 19, 2008), the Commission approved an additional CCN extension, as well as a transfer of the CCN to SWC.¹ Decision No. 73157 (May 18, 2012) modified the CCN extension awarded in Decision No. 70620. SWC currently serves over 5,500 customers, most of whom are residential customers.

¹ Essentially, SWC changed its name from Rancho Sahuarita due to customer requests from outside of the Rancho Sahuarita development boundaries.

2. SWC's office is located in Sahuarita, Arizona and its mailing address is: 725 West Via Rancho Sahuarita Boulevard, Sahuarita, Arizona 85629, and its telephone number is (520) 399-1105. SWC's General Manager is Geoff Caron, and its Controller is Marian Homiak. The person authorized to receive notices and communications regarding this application is:

Marian Homiak
Controller
Sahuarita Water Company
4549 East Fort Lowell Road
Tucson, AZ 85629
Phone: 520-299-8766
Email: marian@sahuaritawater.com

SWC's attorney is:

Jason D. Gellman
Snell & Wilmer, LLP
One Arizona Center
400 East Van Buren Street, Suite 1900
Phoenix, Arizona 85004
Phone: (602) 382-6349
Email: jgellman@swlaw.com

All data requests and discovery, as well as related communications and pleadings, filed by other parties regarding this Application should be directed to SWC's attorney, with a copy to Ms. Homiak.

3. SWC is currently authorized to charge rates for water service per Decision No. 72177 (February 11, 2011). The test year used in that proceeding was the 12-month period ending on December 31, 2008.

4. In Decision No. 74389 (March 19, 2014) SWC was ordered to file a rate case by June 30, 2015.² This application complies with that decision.

5. Even so, revenues from SWC's utility operations are inadequate to allow the Company to recover its operating costs and provide a just and reasonable return on the fair value of its utility plant and property used to provide service to its customers. Since its last rate case, SWC continues to make improvements and additions to its water system designed to ensure safe, adequate and reliable service. SWC's application is based on factors independent of the

² Finding of Fact No. 13.

1 requirement in Decision No. 74389.

2 6. SWC utilized a 12-month test year ending on December 31, 2014 for the
3 preparation of this Application and the supporting schedules. Further, the Company seeks a rate
4 of return of 9.2% on its fair value rate base ("FVRB") of \$9,298,032 based on a cost of debt
5 equaling 4.2% and a return on equity of 10.5% – and a balanced capital structure consisting of
6 approximately 20.57% debt and 79.43% equity. Further, SWC seeks inclusion of approximately
7 \$363,231 of post-test year plant that is known and measurable and necessary to serve existing
8 customers as of the end of the test year. SWC's request also includes a usage normalization
9 adjustment to reflect the decreased consumption by SWC customers expected to continue over the
10 next five years and for the foreseeable future. The Company also seeks to include a total of
11 \$765,161 of management fees (an increase of \$82,274) that are based on the actual time expended
12 by non-dedicated employees to the operations of SWC as a reasonable expense. SWC seeks
13 inclusion of \$172,088 for income tax expense based on a rate of 21.23% for an S Corporation,
14 which is less than what it would have been if the Company elected to be taxed as a stand-alone C
15 Corporation (a rate of 37.23%), but as a reasonable expense based on business activities of SWC
16 and consistent with the policy statement approved in Decision No. 73739 (February 22, 2013).
17 The Company proposes to allocate the increase in rates along the same percentage as it currently
18 exists between the monthly usage charge and the commodity rates.

19 7. The Commission has jurisdiction to conduct public hearings to determine the fair
20 value of SWC's property, to fix a just and reasonable rate of return on fair value rate base
21 ("FVRB"), and to approve just and reasonable rates designed to give it a reasonable opportunity
22 to earn such return. Further, the Commission has jurisdiction to establish the practices and
23 procedures to govern the conduct of hearing, including notice, intervention, filing, service,
24 exhibits, discover, and other prehearing and hearing matters.

25 8. Accompanying this Application are the standard filing requirements and rate
26 design schedules described in A.A.C. R14-2-103. The Company also provides pre-filed direct
27 testimonies and related exhibits from two witnesses for SWC supporting the Company's
28 Application:

- Geoff Caron, who will discuss the overall condition of the Company, the primary proposals within SWC's rate application, its facilities, operations and capital expenditure needs; and
- Thomas J. Bourassa, who will support the Company's revenue requirement request (including rate base, income and expense adjustments), depreciation, operating margin, rate of return, and rate design.
- Mr. Bourassa also supports the Company's proposed rate of return on FVRB – including capital structure, cost of debt, and return on equity through separate testimony.

9. SWC will establish that: (1) a rate increase is necessary for it to continue to provide safe and reliable service to its customers; (2) that its requested rate of return is reasonable on its fair value rate base; and (3) that its proposed rates are just and reasonable and will provide the Company the necessary revenues to continue to provide adequate, safe and reliable water service to its customers as required by law, and is in the public interest.

10. SWC is in compliance with all requirements of the Commission, Arizona Department of Environmental Quality and Arizona Department of Water Resources.

11. SWC requests that this Commission set a date for a hearing on this Application such that new rates for the Company will become effective no later than June 30, 2016.

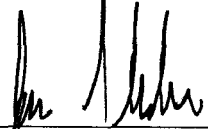
12. SWC further requests that it be allowed to serve all discovery requests, answers and objections electronically.

WHEREFORE SWC respectfully requests that this Commission approve the Company's Application as just and reasonable, and grant the Company's request on or before June 30, 2016.

RESPECTFULLY SUBMITTED this 26th day of June, 2015.

SNELL & WILMER L.L.P.

By:


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Original and 13 copies of the foregoing
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Copy of the foregoing hand-delivered
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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-03718A-15-____
SAHUARITA WATER COMPANY, INC. FOR A)
DETERMINATION OF THE CURRENT FAIR)
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)
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Direct Testimony of

Geoff Caron

on Behalf of

Sahuarita Water Company

June 26, 2015

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1 **I. INTRODUCTION.**

2
3 **Q. Please state your name and business address.**

4 A. My name is Geoff Caron. My address is 725 W Via Ranch Sahuarita Blvd. #101 Sahuarita,
5 AZ 85629
6

7 **Q. What is your position with Company**

8 A. I am the General Manager of Sahuarita Water Company which I will refer to as "SWC". I
9 am responsible for overseeing the daily operations of the company including directing,
10 organizing, planning, budgeting, operations and maintenance, water quality and customer
11 service.
12

13 **Q. Please describe your education and experience.**

14 A. I am currently in my 19th year of Utilities Operations. I hold a Grade 4 Water Distribution
15 Certification, Grade 2 Water Treatment Certification and Grade 1 Certifications in Waste
16 Water Collection and Waste Water Treatment. I started my career in water utilities in 1996
17 with Metro Water District, where I worked until 2001. I first started as a meter reader, but
18 quickly began working on obtaining water certifications. My responsibilities included
19 mainline construction and repair, equipment operation, well pump/booster pump and motor
20 maintenance, customer service, and supervision of small crews. In September of 2001, I
21 accepted a position with the Town of Marana as a Water Operator III and the operator in
22 direct responsible charge of the facilities per A.A.C. R18-5-104. I was later promoted to
23 Utilities Superintendent, where I handled the many challenges related to hiring, equipping
24 and training staff, acquiring tools and equipment, developing standards and procedures for
25 the design and construction of the water system and working closely with developers and
26 engineers. During this time the Marana Water Department more than tripled in size. In
27 2007, I took a position with Flowing Wells Irrigation District as the Assistant

1 Superintendent. Working directly under the District Superintendent, I was responsible for
2 supervision of field staff, planning/permitting mainline replacement projects, compliance
3 with federal, state and local regulations, budget planning and working with developers and
4 engineers for new and existing water service. In 2011, I took a position as Distribution
5 Operator II for Avra Water Co-op, Inc. I left Avra in February 2014 to become the General
6 Manager for Sahuarita Water Company. During my short tenure with Sahuarita Water
7 Company I have become familiar with the National Association of Regulatory Utility
8 Commissioners ("NARUC") accounting practices. Additionally, I have spent a great
9 amount of time learning about the Arizona Department of Water Resources ("ADWR")
10 and Central Arizona Groundwater Replenishment District ("CAGR") requirements in the
11 Tucson Active Management Area.

12
13 **Q. Have you previously testified before the commission?**

14 A. No. This is my first time testifying before the Arizona Corporation Commission
15 ("Commission").

16
17 **Q. What is the purpose of your direct testimony?**

18 A. To support SWC's application for an increase in rates, and the recovery and pass-
19 through of certain operating expenses. In that regard, I will provide background on the
20 Company and its operations. I will also summarize significant capital improvements that
21 SWC completed in order to provide adequate and reliable service, and changes in
22 operating costs that are contributing to the need for a rate increase. In addition, I will
23 address various other aspects of the relief being requested in this case.

1 **II. COMPANY OVERVIEW.**

2
3 **Q. Please describe Sahuarita Water Company.**

4 A. SWC provides water service to over 5,500 connections or roughly 16,000 customers
5 located in the Rancho Sahuarita Master Planned Development in the Town of Sahuarita
6 in Pima County, Arizona. Although the Company services a number of commercial,
7 industrial and irrigation customers, the majority of our customers are residential. The
8 largest residential customer class (nearly 87 percent of the customer base) is served by
9 5/8-inch meters. SWC utilizes 11 direct employees of Rancho Sahuarita Management
10 Company, which is an affiliate of SWC, and the costs associated with those employees
11 are allocated to SWC based upon SWC's utilization of their time and services.
12

13 **Q. What are the SWC's water resources?**

14 A. SWC is dependent solely on groundwater. We operate three groundwater wells, two owned
15 by SWC and the other owned by the Town of Sahuarita ("Sahuarita"). SWC holds a 99-
16 year lease on the Sahuarita Well. SWC is a member service area within the CAGRDR,
17 which replenishes pumped groundwater on behalf of SWC.
18

19 **Q. Is Sahuarita Water located within an active management area or "AMA"?**

20 A. Yes, we are provider within the Tucson Active Management Area (TAMA).
21

22 **Q. Is the company a designated provider of an assured water supply?**

23 A. Yes, the SWC holds a designation of 10,983 Acre-feet of assured water supply with
24 ADWR (DWR No. 86-401203.0001).
25
26
27

1 **Q. How does the Company promote water conservation to its customers?**

2 A. As part of SWC's commitment to conservation, conservation tips and literature are
3 available to our customers 24/7 at <http://sahuaritawater.com/water-conservation/>
4 Reminders about the website are periodically printed on the water bill. Free written
5 conservation literature is available to our customers in the business office and is provided
6 to all new customers when they establish an account. Additionally, SWC currently
7 maintains a water-efficient demonstration garden with appropriate signage on the plants
8 and techniques used. SWC maintains a trained water-conservation-audit specialist on staff,
9 who conducts residential audits and is available for consultations. SWC staff also reviews
10 abnormally high and low reads. Both low and high reads are then checked against the
11 usage history for those accounts. If there is an anomaly, a water operator is sent out to get a
12 re-read and check for leaks or a stuck meter. If the meter is stuck it will be replaced. If no
13 leaks are found, but there is higher than normal usage, the customer is contacted by one of
14 our customer service representatives. If the reason for the high usage is unknown, then we
15 recommend a water audit be conducted at their property free of charge. SWC also provides
16 youth education instruction and reaches over 400 students in the Sahuarita Unified School
17 District annually. We believe that our water conservation policies have contributed to
18 SWC's decreases in annual production. SWC's annual production has decreased 4.6
19 percent since 2012.

20
21 **Q. What water quality challenges does SWC face in providing safe and reliable service**
22 **to customers?**

23 A. Wells 14, 18 and 23 have Arsenic levels over the Maximum Contaminant Level (MCL) of
24 10 parts per billion (ppb). Raw water from all three wells is treated at our main arsenic
25 treatment plant (WTP 1). The treatment process utilizes blending treated water with raw
26 water, only treating what is necessary. The arsenic level of the finished water ranges for 7-
27 8 ppb. Staff monitors the blended flows very carefully to insure the longest life from the

1 arsenic media. Our goal is to maintain arsenic levels below the primary MCL while getting
2 the most out of the treatment media before it becomes exhausted. This is a careful balance
3 of quality over costs that are ultimately funded by the rate payer.
4

5 **Q. Is the Company in compliance with all applicable federal, state and local regulations?**

6 A. Yes, the company is in compliance with all local, state, and federal regulations.
7

8 **Q. Has SWC experienced significant growth since its last general rate case in 2009?**

9 A. The population in our service has grown from 4,700 connections in 2009 to over 5,500
10 connections in 2015. However, the Company has been able to accommodate the additional
11 service connections with the infrastructure that was already in place. Although we
12 anticipate doubling in size at build out, the real estate downturn is still in effect in
13 Sahuarita. We are expecting to start building infrastructure again in 2016.
14

15 **Q. How has SWC prepared to serve future growth within its service area?**

16 A. In 2011, Westland Resources prepared a Water System Master Plan ("Master Plan") for
17 SWC. A brief summary of the plan is as follows: The Master Plan identifies the capacity
18 of our existing plant and current system demands and compares that to future build-out
19 requirements. The Master Plan then identifies infrastructure that will need to be added to
20 serve future build out. This includes sizing and location of storage, boosters, wells,
21 treatment and transmission infrastructure. The Master Plan also includes a facility cost
22 timeline. The Master Plan was updated again in 2012, and in late 2013 we incorporated it
23 into SWC's Emergency Operations Plan.
24

25 **Q. Please describe the customer satisfaction record of SWC.**

26 A. The overall satisfaction of our customers appears to be very good. According to our
27 records we have only received a total of six official complaints since 2008.

1 **Q. How would you characterize the overall condition of SWC's water system?**

2 A. The condition of SWC's system is very good. The infrastructure is 15 years and newer.
3 Fortunately we have seen very few system failures (leaks). We do our best to maintain the
4 systems integrity through various preventative and predictive maintenance programs,
5 which include valve exercising, hydrant maintenance, quarterly pump and motor
6 maintenance and routine inspection cleaning and repair of our reservoirs. In 2014 we had
7 two reservoirs inspected, cleaned and repaired. During this time we also chose to install
8 cathodic protection in all three reservoirs. Management will continue to develop programs
9 that keep the company on the preventative side of the spectrum rather the alternative of
10 corrective maintenance.

11

12 **Q. What percentage of system water losses does Sahuarita incur?**

13 A. SWC's water loss three-year average is currently 4.51%

14

15 **III. PURPOSE FOR THE RATE FILING.**

16

17 **Q. Please summarize the Company's rate application.**

18 A. Sahuarita Water Company ("SWC" or the "Company") submits its Application for an
19 increase to its revenues by \$332,734, or approximately 11.49% over the adjusted and
20 annualized test-year revenues, for a total revenue requirement of \$3,229,480, to be
21 effective no later than June 30, 2016. SWC utilized a 12-month test year ending on
22 December 31, 2014 for the preparation of this Application and the supporting schedules.
23 Further, the Company seeks a rate of return of 9.2% on its fair value rate base of
24 \$9,298,032 based on a cost of debt equaling 4.2% and a return on equity of 10.5% - and a
25 balanced capital structure consisting of approximately 20.57% debt and 79.43% equity.
26 Further, SWC seeks inclusion of approximately \$363,231 of post-test year plant that is
27 known and measurable and necessary to serve existing customers as of the end of the test

1 year. SWC's request also includes a usage normalization adjustment to reflect the
2 decreased consumption by SWC customers expected to continue over the next five years
3 and for the foreseeable future. The Company also seeks to include a total of \$765,161 in
4 management fees (an increase of \$82,274) that are based on the actual time expended by
5 non-dedicated employees to the operations of SWC as a reasonable expense. SWC seeks
6 inclusion of \$172,088 for income tax expense based on an effective state and federal
7 income tax rate of approximately 21.23% for an S Corporation, which is less than what it
8 would have been if the Company elected to be taxed as a stand-alone C Corporation
9 (37.23%), but is a reasonable expense based on business activities of SWC. The Company
10 proposes to allocate the increase in rates along the same percentage as it currently exists
11 between the monthly usage charge and the commodity rates. Thomas J. Bourassa
12 describes and details the specific rate base and income statement adjustments, as well as
13 the cost of capital and capital structure, in separate direct testimonies.

14
15 **Q. Why is Sahuarita filing a general rate case application at this time?**

16 A. Under Decision No. 74389 (March 19, 2014) the Commission requires SWC to file a rate
17 case by June 30, 2015, using 2014 as a historical test year. Because of the requirement,
18 SWC management seeks a rate increase so that the Company is earning a fair and
19 reasonable return on its investment. Additionally, because of our conservation efforts, we
20 have seen a decline in water usage since our last rate case. At this time we will be
21 requesting a water usage normalization adjustment to account for lost revenue.

22
23 **Q. What significant capital investments has SWC made since its last rate case?**

24 A. Significant improvements include the addition of well 23 in 2009. The well provides
25 needed redundancy to the SWC system and allows SWC to meet peak-day demand with
26 the largest well out of service as well as provide water during electrical outages. At that
27 time, well 23 was considered a replacement for well 17, which had significant

1 bacteriological problems. The overall cost and flushing needed to remediate well 17
2 proved to be cost prohibitive. After an extensive aquifer study, the location of well 23 was
3 chosen. After approval from ADWR, the well was drilled and equipped.

4
5 At this time, well 23 is considered to be our main well. It is located at the same site and
6 shares a power source with SWC's WTP 1. This made an ideal location for a standby
7 generator as it will power both a water source and the treatment plant, which are both
8 needed for water production. The generator installed at this location will be explained later
9 in my testimony.

10
11 We also undertook three major capital projects in 2010, including SCADA (supervisory
12 control and data acquisition) communication upgrades and the rehabilitation of wells 14
13 and 18.

14
15 **Q. Please describe the SCADA communication upgrade.**

16 A. Prior to the SCADA communications upgrade, SWC was experiencing loss of
17 communications between sites and the Human Machine Interface (HMI). This resulted in
18 unreliable and difficult operation of the system. SWC's SCADA communications was also
19 dependent on a third party vendor. This project consisted of radio study that resulted in
20 installing a new a Master Radio at WTP 1, and two remote radios; one at the current SWC
21 office and one at Booster Station 2. WTP 1 was already equipped with highly-reliable fiber
22 optic communications to Well 14, 18 and 23 and Booster Station 1 and provides control for
23 all these facilities. The new master radio provides communications from WTP 1 to Booster
24 Station 2 and to the SWC building, where the HMI is located.

1 **Q. What was involved in rehabilitating Well 14?**

2 A. Well 14 was pulled for inspection; video of the well indicated plugged perforations. The
3 well was brushed and bailed. The post brush and bail video showed the casing to be in
4 good condition. SWC also replaced 200 feet of column pipe, and 40 feet of shaft tube. The
5 contractor found the pump to be in good condition and reusable. Two well sounding tubes
6 were added for water level monitoring (one tube for a transmitter connected to SCADA
7 and the other for manual sounding), the flow meter was also upgraded from a propeller
8 meter to a mag meter. The well was re-quipped, flushed, tested for microbiological
9 contaminants and placed back in service on August 4, 2010.

10
11 **Q. Please describe the improvements to Well 18.**

12 A. Well 18 was pulled for inspection, video of the well indicated plugged perforations. The
13 well was brushed and bailed. Post brush and bail video of the well showed loose
14 encrustation was removed but some of the hared material still remained. The well pump
15 bearings and shaft were replaced. The remainder of the column pipe, tube and shaft were
16 reusable. The well was re-quipped, flushed, tested for microbiological contaminants and
17 placed back in service on September 7, 2010.

18
19 **Q. What other capital improvement projects did SWC undertake?**

20 A. In September of 2011 and March of 2013, the treatment media in lead vessels at WTP 1
21 became exhausted. The media was regenerated for reuse.

22
23 In 2013, variable frequency drives (VFDs) were installed at booster stations 1 and 2. The
24 addition of the VFDs also included the necessary programming to operate over SCADA.
25 The VFDs replaced aged motor starters and control panels.

1 In 2014, we added a second pre-filter at the influent point of WTP 1. This project created
2 redundancy for a single point of failure at the treatment facility. The additional filter also
3 allows our two largest wells to operate simultaneously during peak-day demand. Our
4 engineer determined in our Master Plan that this was not operationally possible, prior to
5 the addition of the pre-filter.

6
7 A new 250-GPM pump was added to our booster station 2. This pump was called for in
8 our Master Plan to supplement needed fire flow at build out. Operationally, this pump was
9 needed to supplement our VFD pump (mentioned above) during peak day demand. Prior to
10 the installation of this pump a much larger pump was supplementing the drive, but because
11 of the pump volume, the pump was short cycling. Short cycling can damage pumps and is
12 inefficient.

13
14 Lastly, we upgraded our automatic meter reading (AMR) equipment to the latest Sensus
15 product. This system allows for upgrading to advanced metering infrastructure (AMI) in
16 the future. I will discuss this more in later testimony.

17
18 **Q. Is the company requesting post-test year plant to be included in rate base?**

19 **A.** Yes. SWC is requesting inclusion of two specific items as post-test year plant in rate base
20 that are known and measurable and for the purpose of serving existing customers. In 2014,
21 we had an arc flash study performed at our facilities. The study concluded that two of our
22 well sites were classified as "category dangerous" at all times due to lack of a main power
23 disconnect switch. SWC hired a contractor/engineer to design and install manual transfer
24 switches at these two well sites which mitigated the arc flash danger and allows our
25 operators to service the electrical panels. The completion of the Arc-Flash mitigation
26 project did not occur until June 2015. The importance of a safe work environment for our
27

1 operators is crucial to be able to supply safe drinking water to our customers. We are
2 therefore requesting the cost of this project to be considered in this case.

3
4 The second project that we believe should be included in rate base as post-test year plant is
5 the addition of an emergency standby generator. Of the three wells SWC operates, none
6 have an emergency source of power. Additionally, WTP 1 (which is required to treat all
7 three wells) did not have an emergency source of power. After looking at the peak-day
8 demand that occurred in June of 2014, which was 2,353,000 gallons, we determined that if
9 we were to experience a long term power outage, our storage could be depleted in a 24
10 hours. Even in a curtailment, SWC does not have the necessary storage to provide water in
11 a long-term power outage without a water source that has an emergency power supply.
12 Because of the need for both a source of water and the arsenic treatment plant, we decided
13 that a generator was needed at well 23, because the well shares a power source with the
14 WTP 1. The generator and manual transfer switch were also connected to our SCADA
15 system for monitoring and control. This allows an operator to determine whether or not the
16 generator is needed when there is an outage. This will save on fuel costs that are ultimately
17 passed down to the customer. The generator and transfers switch became used and useful
18 in January 2015.

19
20 **Q. What are SWC's projected capital expenditures for the next few years?**

21 **A.** SWC is planning to make the following expenditures:

- 22 • Add a service truck to its fleet. The truck will have a welder/generator and a crane for
23 servicing items including pumps, motors, and fire hydrants. We will also replace trucks
24 with over 100,000 miles.
- 25 • Meter replacements for meters over 10-years old or over one-million gallons. This
26 includes large meter replacement (such as replacing turbo meters with more accurate
27 Sensus Omni meters).

- 1 • SCADA improvements, including an upsized RTU panel at booster station one, and
2 replacing outdated PLC's with Ethernet ready units for better communication
3 reliability.
- 4 • Brush bail and inspection of Wells 14, 18, and 23. The well pump, tube and shaft, and
5 column pipe are over 15-years old in wells 14 and 18. As mentioned earlier in my
6 testimony, these items were reused when the wells were last pulled for maintenance. It
7 is anticipated that replacement of these items may be necessary at the time of the next
8 inspection.
- 9 • Perform pump and motor efficiency studies to determine whether the pumps are
10 operating at their best efficiency point. We will repair or replace pumps as necessary.
- 11 • As mentioned earlier in my testimony, SWC staff is looking to upgrade our meter
12 reading system to the Sensus FlexNet system. This is an AMI technology that allows
13 the utility to access meter reads from a central location by way of two-way radio and
14 eliminates the need for meter readers. FlexNet also gives customers real-time access to
15 their water usage.

16
17 **Q. What have been the significant changes to operating expenses since 2009?**

18 **A.** Staff was able to lower power costs at Well 23 due to implementing "time of use"
19 electricity rates at the site. Additional staff and organizational structuring have changed
20 payroll since the last rate case. The cost to regenerate our treatment media at WTP 1 has
21 increased by 27% since our last regeneration in 2013. The 2013 regeneration was down
22 11% from the 2011 generation because we changed contractors. If we use the original price
23 of our first media regeneration the current cost has increased 15%. Our current agreement
24 calls for additional anticipated increases of up to 5% a year for the next three years. At this
25 time, SWC is not aware of another contractor that has the necessary facility and
26 certifications to regenerate our arsenic treatment media.

1 **Q. Does it remain the case that there are no affiliate profits in the allocated costs to**
2 **Sahuarita from its parent company, Rancho Sahuarita?**

3 A. Yes. Costs from human resources, accounting and management services from the parent
4 company, allocated based upon the proportion of time utilized by the Company, have no
5 affiliate profit allocated as part of those costs.
6

7 **Q. Is the Company proposing any changes to any of its adjustor mechanisms currently**
8 **in effect?**

9 A. No.
10

11 **Q. Why should the Central Arizona Groundwater Replenishment District ("CAGRDR")**
12 **adjustor approved in the last rate case remain in effect for SWC?**

13 A. The CAGRDR assessment will continue to increase each year. This increasing assessment is
14 also a known and measurable increase that the Company incurs, but that also encourages
15 the conservation of water by providing for the replenishment of groundwater. As a
16 designated provider, all water delivered within its service area is subject to the CAGRDR
17 Fee assessment. The fee assessments are set by CAGRDR. SWC remains as a conduit
18 collecting what is similar to a privilege or usage tax (which is how the Company originally
19 described the assessment in significant detail when it originally requested a mechanism to
20 recover the assessments). Further, the assessments remain independent of the operations of
21 the Company; and are therefore not an operating expense. Yet the Company will continue
22 to incur the assessment going forward. Further, SWC remains dependent on the CAGRDR to
23 replenish groundwater, and must pay the assessment in order for it to remain a designated
24 provider and to demonstrate a 100-year water supply.
25
26
27

1 **Q. Do you have any concluding comments regarding the Company's rate application?**

2 A. Only that we believe that the requests we are making in this case and the overall proposal
3 results in just and reasonable rates, balancing the need for SWC to have a reasonable
4 opportunity to earn its rate of return on fair value rate base with the need to moderate rate
5 impacts on our customers. We strive to provide high-quality service to our customers and
6 believe we have and continue to provide adequate, safe and reliable water service. This
7 proposal will allow us to maintain such service to our customers.

8
9 **Q. Does this conclude your Direct Testimony?**

10 A. Yes.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH- CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-03718A-15-_____
SAHUARITA WATER COMPANY, INC. FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PROPERTY AND)
FOR THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES.)

Direct Testimony of

Thomas J. Bourassa

Rate Base, Income Statement & Rate Design

June 26, 2015

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1 **I. INTRODUCTION.**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix,
5 Arizona 85029.

6
7 **Q. WHAT IS YOUR PROFESSION AND BACKGROUND?**

8 A. I am a Certified Public Accountant and am self-employed, providing consulting services
9 to utility companies as well as general accounting services. I have a B.S. in Chemistry
10 and Accounting from Northern Arizona University (1980) and an M.B.A. with an
11 emphasis in Finance from the University of Phoenix (1991).

12
13 **Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND**
14 **REGULATORY EXPERIENCE?**

15 A. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc., and
16 served as controller and chief financial officer. Prior to working for High-Tech Institute, I
17 worked as a division controller for the Apollo Group, Inc. Before joining the Apollo
18 Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared
19 compilations and other write-up work for water and wastewater utilities, as well as tax
20 returns.

21 In my private practice, I have prepared and/or assisted in the preparation of
22 numerous water and wastewater utilities rate applications before the Arizona Corporation
23 Commission ("Commission"). A copy of my regulatory work experience is attached as
24 **Exhibit TJB-DT1.**

1 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

2 A. On behalf of the Applicant, Sahuarita Water Company L.L.C. ("SWC" or the
3 "Company"). The Company is seeking a determination of its fair value rate base
4 ("FVRB") and the setting of rates and charges for utility service based on that finding.

5
6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

7 A. I will testify in support of SWC's proposed adjustments to its rates and charges for utility
8 service. I am sponsoring the direct Schedules ("A" through "C" and "E" through "F"),
9 which are filed concurrently herewith. I was responsible for and/or supervised the
10 preparation of these schedules based on my investigation and review of the Company's
11 relevant books and records. The Company has not prepared a cost of service study ("G"
12 schedules). Consequently, the G Schedules are omitted.

13
14 **Q. WHY DIDN'T THE COMPANY PREPARE A COST OF SERVICE STUDY?**

15 A. Because the Commission does not set rates for water and wastewater utility service based
16 on cost of service, and because the changes to the rate design the Company is proposing
17 do not necessitate a cost of service study, the substantial expense of doing a cost of service
18 study could not be justified. I have taken a similar approach in other cases without
19 complaint.

20
21 **Q. PLEASE CONTINUE?**

22 A. For convenience, my direct testimony is being filed in two volumes. In this volume, I
23 address rate base, income statement (revenue and operating expenses), required increase
24 in revenue, and rate design and proposed rates and charges for service.

25 In a second volume, I address cost of capital and sponsor the "D" Schedules.
26 SWC is recommending a cost of common equity of 10.5 percent and a cost of debt of 4.2

1 percent. As shown on Schedule D-1, the Company's test period capital structure for
2 ratemaking purposes consists of 79.43 percent equity and 20.57 percent debt. The
3 weighted average cost of capital is therefore 9.20 percent.
4

5 **II. OVERVIEW OF APPLICATION.**
6

7 **Q. PLEASE SUMMARIZE SWC'S APPLICATION.**

8 A. SWC's FVRB is \$9,298,032 and the Company is seeking a revenue requirement of
9 \$3,229,480. These are based on a test year used ending December 31, 2014, with pro
10 forma adjustments for known and measurable changes to rate base, expenses, and
11 revenues. These pro forma adjustments are necessary to obtain a normal or realistic
12 relationship between revenues, expenses, and rate base on a going-forward basis, and they
13 are consistent with standard ratemaking principles and are appropriate under the
14 Commission's rules and regulations governing rate applications.¹

15 The increase in revenues to provide for recovery of operating expenses and a 9.2
16 percent return on rate base is approximately \$332,734, an increase of approximately 11.49
17 percent over the adjusted and annualized test year revenues.
18

19 **Q. WHY IS THE COMPANY FILING FOR RATE INCREASES AT THIS TIME?**

20 A. Two reasons. First, the Company was ordered to file a rate case by June 30, 2015 in
21 Decision No. 74389 (March 19, 2014), which granted the Company recovery of income
22 taxes. Second, revenues from SWC's initial rates have not kept pace with operating
23 expenses since SWC's last test year. Rate base is higher by approximately \$500,000 and
24 SWC's customer base has grown from approximately 4,700 customers at the end of the
25 last test year (December 31, 2008) to approximately 5,530 at the end of the current test
26

¹ See A.A.C. R14-2-103.

1 year. At this time, rate increases are necessary to ensure that SWC recovers its reasonable
2 operating expenses and has an adequate opportunity to earn a fair and reasonable return on
3 the fair value of its utility plant and property devoted to public service.
4

5 **III. RATE BASE, INCOME STATEMENT AND SUMMARY SCHEDULES.**
6

7 **A. "A", "E" And "F" Schedules**
8

9 **Q. PLEASE DESCRIBE THE "A", "E" and "F" SCHEDULES.**

10 A. The A-1 Schedule is a summary of the rate base, operating income, current operating
11 margin, required operating margin, operating income deficiency, and the increase in gross
12 revenue. The return on FVRB, proposed increase in the revenue requirement; and
13 revenues at present and proposed and customer classifications are also shown on this
14 schedule.

15 The A-2 Schedule is a summary of results of operations for the test year, prior
16 years, and a projected year at present rates and proposed rates.

17 Schedule A-3 contains the capital structure for the test year and the two prior
18 years.

19 Schedule A-4 contains the plant construction and plant-in-service for the test year
20 and prior years. The projected plant additions are also shown on this schedule.

21 Schedule A-5 is the summary of the changes in financial position (cash flow) for
22 the prior two years, the test year at present rates, and a projected year with both present
23 and proposed rates.

24 The "E" Schedules are based on SWC's actual operating results, as reported in
25 annual reports filed with the Commission. The E-1 Schedule contains the comparative
26 balance sheet data for the years 2012, 2013, and 2014 – with each ending on December

1 31.

2 Schedule E-2, page 1, contains the income statement for the years 2012, 2013, and
3 2014 – with each ending on December 31.

4 Schedule E-3 contains the statements of changes in SWC's financial position for
5 the test year and the two prior years.

6 Schedule E-4 provides the changes in membership equity.

7 Schedule E-5 contains plant-in-service at the end of the test year, and one year
8 prior to the end of the test year (December 31, 2013).

9 Schedule E-7 contains operating statistics for the years 2012, 2013, and 2014 –
10 with each ending on December 31.

11 Schedule E-8 contains the taxes charged to operations.

12 The accountant's notes to the financial statements and the financial assumptions
13 used in preparing the rate filing schedules are shown on Schedules E-9 and F-4,
14 respectively, in accordance with the Commission's standard filing requirements.

15 Schedule F-1 contains the results of operations at the present rates (actual and
16 adjusted), and at proposed rates.

17 Schedule F-2 contains the summary of changes in financial position (cash flow)
18 for the prior two years, the test year at present rates, and a projected year with both present
19 and proposed rates.

20 Schedule F-3 shows projected construction requirements for 2016, 2017, and 2018.

21 Schedule F-4 contains the assumptions used in developing the adjustments and
22 projections contained in the rate filing.

1 **B. "B" Schedules (Rate Base)**

2
3 **Q. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE**
4 **LABELED AS THE "B" SCHEDULES?**

5 A. Yes. I will start with Schedule B-5, which is the working capital allowance. I used the
6 "formula method" of computing the working capital allowance to reduce costs. However,
7 the Company is not requesting a working capital allowance.

8
9 **Q. WHY DIDN'T THE COMPANY PREPARE A LEAD-LAG STUDY AND USE THE**
10 **RESULTS OF THAT STUDY TO COMPUTE WORKING CAPITAL?**

11 A. Because the Company is not seeking a working capital allowance and the costs to prepare
12 a lead-lag study outweigh the benefits.

13
14 **Q. DID SWC FILE SCHEDULES B-3 AND B-4?**

15 A. The Company did not file Schedules B-3 and B-4. SWC is requesting that its original cost
16 rate base ("OCRB") be used as its FVRB.

17
18 **Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE**
19 **ORIGINAL COST RATE BASE?**

20 A. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by the
21 Company. Schedule B-2, pages 2 through 6, provide the supporting information. There
22 are four adjustments shown in Schedule B-2.

23
24 **Q. PLEASE DESCRIBE ADJUSTMENT NUMBER 1.**

25 A. Adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service ("PIS").
26 There are three PIS adjustments included in Adjustment 1. These are shown on Schedule

1 B-2, page 3, and are labeled as adjustments 1-A, 1-B and 1-C.
2

3 **Q. DO ANY OF THESE ADJUSTMENTS REFLECT INCLUSION OF POST-TEST**
4 **YEAR PLANT?**

5 A. Yes. Adjustment 1-A in Schedule B-2 increases PIS to reflect post-test year plant. Post-
6 test year plant consists of electrical generation equipment and arsenic media, both of
7 which were placed into service since the end of the test year. All of the post-test year
8 plant is and will be used to serve existing customers, are known and measurable
9 adjustments. They are revenue neutral and are necessary to serve the test year-end
10 number of customers.
11

12 **Q. WHAT CRITERIA FOR INCLUSION OF POST-TEST YEAR PLANT CAN BE**
13 **FOUND, IF ANY, IN RECENT COMMISSION DECISIONS?**

14 A. The Commission approved the inclusion of post-test year plant in rate base in several
15 cases because (i) the plant was revenue neutral (i.e., providing service to customers at end
16 of test year); and (ii) it has been completed and placed into service a reasonable time
17 before the hearing, so that it could be inspected and audited.
18

19 **Q. PLEASE DESCRIBE THE "B" AND "C" ADJUSTMENTS TO ADJUSTMENT**
20 **NUMBER 1 ON SCHEDULE B-2.**

21 A. Adjustment 1-B in Schedule B-2 adjusts PIS to reflect retirement of arsenic media, which
22 was not retired as of the end of the test year.

23 Adjustment 1-C in Schedule B-2 adjusts PIS to reflect the reconciliation of the
24 Company's PIS detail to recorded general ledger amounts as reflected on Schedule E-1.
25
26

1 **Q. WHAT IS THE PURPOSE OF ADJUSTMENT NUMBER 2 ON SCHEDULE B-2**
2 **REGARDING ACCUMULATED DEPRECIATION?**

3 A. Adjustment 2 shown on Schedule B-2, page 2, adjusts accumulated depreciation ("A/D").
4 The details of the A/D adjustments are shown on Schedule B-2, page 4. There are two
5 A/D adjustments included in Adjustment 2. These are shown on Schedule B-2, page 4,
6 and are labeled as adjustments "A", and "B".

7 Adjustment "A" adjusts A/D for the proposed retirements shown in Adjustment 1-
8 B in Schedule B-2.

9 Adjustment "B" adjusts A/D to reflect the re-computed amounts of A/D per the
10 Company's B-2 plant detail schedule, pages 3.4 to 3.10.

11
12 **Q. DO THE PLANT IN SERVICE AND ACCUMULATED DEPRECIATION**
13 **BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION**
14 **RATE ORDER?**

15 A. Yes. The Company's reconstruction of the PIS balance started with the PIS balance
16 approved in the last rate case. Reconciliation to the starting balances for PIS and
17 accumulated depreciation are shown on Schedule B-2, page 3.4. Plant additions and
18 retirements since the end of the last test year have been added to and deducted from total
19 plant shown on Schedule B-2, pages 3.5 to 3.10. Pages 3.5 to 3.10 of the schedule show
20 the details for the accumulated depreciation from the end of the last test year through the
21 end of the test year using the half-year convention for depreciation.

22
23 **Q. PLEASE DESCRIBE THE ADJUSTMENT FOR DEFERRED INCOME TAXES,**
24 **ADJUSTMENT NUMBER 3, ON SCHEDULE B-2.**

25 A. Adjustment number 3, shown on Schedule B-2, page 5, reflects deferred income taxes.
26 The Company's computation is based on the adjusted PIS, A/D, AIAC, and CIAC in the

1 instant case and the adjusted tax basis of its assets using the effective tax rates computed
2 on the Schedule C-3, page 2. The detail of the Company's deferred income tax
3 computation is shown on Schedule B-2, pages 5 and 5.1.
4

5 **Q. THE COMPANY IS A LIMITED LIABILITY COMPANY WHICH DOES NOT**
6 **PAY INCOME TAXES. DO LIMITED LIABILITY COMPANIES NORMALLY**
7 **RECORD DEFERRED INCOME TAXES?**

8 A. No. Limited liability companies ("LLC's") are tax pass-through entities and the members
9 pay income taxes. However, for rate making purposes, the Company is proposing
10 deferred income taxes to be included in rate base to be consistent with its proposal to
11 include SWC's income tax expense in operating expenses and to insure a proper match of
12 rate base, revenue and expenses. Decision No. 74389 (March 19, 2014), had approved
13 including income taxes as a recoverable expense for the Company. Such recovery is
14 consistent with the Commission's policy statement approved in Decision No. 73739
15 (February 22, 2013).
16

17 **Q. PLEASE CONTINUE WITH YOUR TESTIMONY REGARDING THE RATE**
18 **BASE SCHEDULES.**

19 A. Adjustment number 4, labeled as 4a and 4b and shown on Schedule B-2, page 6, adjusts
20 CIAC and amortization based on additional CIAC recorded since the since the last test
21 year. The recomputed amortization balance reflects the annual composite depreciation
22 rate for plant-in-service for each year since the last test year.
23

24 **Q. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON A-1**
25 **DETERMINED?**

26 A. As stated, the FVRB shown on Schedule A-1 is based on OCRB, with no adjustment for

1 the current values of the Company's plant and property.

2
3 **C. C Schedules (Income Statement)**

4
5 **Q. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE**
6 **REVENUES AND/OR EXPENSES STATEMENT AS SHOWN ON SCHEDULES**
7 **C-1 AND C-2.**

8 A. The following is a summary of adjustments shown on Schedule C-1:

9 Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for
10 each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates
11 approved in the Company's last rate case were account specific rates. The Company
12 proposes to continue to use these rates.

13 Adjustment 2 increases the property taxes based on proposed revenues.
14 The details of the computation are shown on Schedule C-2, page 3.

15
16 **Q. HOW DID YOU COMPUTE THE PROPERTY TAXES AT PROPOSED RATES?**

17 A. To determine full cash value, I used the method employed by the Arizona Department of
18 Revenue - Centrally Valued Properties ("ADOR" or "the Department"). This method
19 determines full cash value by using twice the average of three years of revenue, plus an
20 addition for CWIP and a deduction for the book value of transportation equipment. In the
21 instant case, I used two times the adjusted revenues for the year ending December 31,
22 2014, and one year of revenues at proposed rates. The assessed value (18 percent of full
23 cash value)² was then multiplied by the property tax rate to determine adjusted property
24 tax expense.

25
26 ² Cite to A.R.S. § 42-15001.

1 **Q. IS THIS CONSISTENT WITH PRIOR COMMISSION DECISIONS?**

2 A. Yes. The Commission approved this method for ascertaining property tax expense in
3 cases including in *Chaparral City Water Company*, Decision No. 68176 (September 30,
4 2005), and in *Litchfield Park Service Company*, Decision No. 67279 (October 5, 2004).

5
6 **Q. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH**
7 **REVENUES PROPER RATE MAKING?**

8 A. Yes. Like income taxes, property taxes must be adjusted to ensure that the new rates are
9 sufficient to produce the revenue requirement. For this reason, the Commission has
10 repeatedly approved the use of proposed revenues to determine an appropriate level of
11 property tax expense to be recovered through rates.

12
13 **Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME**
14 **STATEMENT ADJUSTMENTS.**

15 A. Adjustment 3 shows the rate case expense estimated by the Company. The Company
16 estimates rate case expense of \$250,000. The Company proposes that rate case expense
17 be recovered over five years because it believes a five-year cycle for future rate cases is
18 reasonable given this utility's circumstances.

19
20 **Q. HOW DID YOU ARRIVE AT THIS AMOUNT?**

21 A. Based on my experience with rate cases before the Commission, and that of the
22 Company's counsel. Given SWC's size and the anticipated nature, length and complexity
23 of the proceedings, I estimate this rate case to cost a total of \$250,000.

1 Q. PLEASE EXPLAIN WHY YOU REFER TO THIS AMOUNT AS AN
2 "ESTIMATE"?

3 A. Because ultimately several different factors contribute to what the final actual rate case
4 expense will be for a particular case. Thus, I can only make an educated guess based on
5 my experience. The specifics of who may intervene, what unique issues may come into
6 dispute, what kind of procedural issues we will encounter, are just some of the factors that
7 determine the final total expense to process a rate case through the Commission. Thus, it
8 is necessary to propose a reasonable estimate reflective of past experience with similar
9 sized utilities.

10
11 Q. SHOULDN'T THE COMPANY'S EQUITY HOLDERS BEAR SOME OF THE
12 BURDEN OF RATE CASE EXPENSE?

13 A. As a practical matter, actual rate case expense often turns out to be higher than what is
14 included in rates. So utility equity holders wind up bearing the burden of such expense.
15 Even though my estimate of \$250,000 for rate case expense is reasonable, it is likely SWC
16 will actually incur a higher amount of total rate case expense, especially if it turns out that
17 several issues will be in dispute. I would also agree that if the utility does something
18 improper, or advances positions in bad-faith, it should shoulder the burden of such
19 actions. But, the Commission dictates the process, not the utility, and absent such
20 "improper action" or "bad faith" circumstances, which are not present in this case, the
21 utility should be allowed to recover its reasonably incurred rate case expense.

22
23 Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME
24 STATEMENT ADJUSTMENTS.

25 A. Adjustment 4 annualizes revenues to the year-end number of customers. The
26 annualization was based on the number of customers at the end of the test year, compared

1 to the actual number of customers during each month of the test year. Average revenues
2 by month were computed for the test year. The average revenues were then multiplied by
3 the increase (or decrease) in number of customers for each month of the test year.
4 Adjustment number 4 also increase purchased power expense and chemicals expense
5 based upon the expected additional gallons to be sold from the revenue annualization.

6 Adjustment 5 reduces revenues based upon water usage normalization. Usage
7 normalization reflects the expected reduction in gallons sold primarily due to conservation
8 and is based upon an analysis of trends in customer usage from 2010 through 2014.
9 Adjustment number 5 also reduces purchased power expense and chemicals expense
10 based upon the expected reduction in gallons to be sold from the usage normalization.

11 Adjustment 6 removes Central Arizona Ground Water Replenishment District
12 ("CAGRDR") fees recorded during the test year from purchased water expense totaling
13 \$512,734 and removes CAGRDR surcharge revenues recorded during the test year from
14 metered revenues totaling \$386,411. SWC recovers CAGRDR costs from its approved
15 surcharge mechanism.³

16 Adjustment 7 reduces purchased power expense and miscellaneous revenues by
17 \$12,863 for reimbursements of purchased power costs covered under a well sharing
18 agreement.

19 Adjustment 8 reduces metered revenues by \$8,855 to eliminate an overbilling error
20 in metered revenues due the application of incorrect rates to some customers during the
21 test year. The Company has made refunds to customers.

22 Adjustment 9 increases contractual services costs (management fees) for known
23 and measurable changes to the allocated portions of operations, accounting and billing,
24 and corporate overhead costs since the end of the test year.

25
26 ³ Decision 72177, February 11, 2011.

1 Q. DO THE CONTRACTUAL COSTS THE COMPANY HAS RECORDED IN
2 EXPENSE FOR THE TEST YEAR INCLUDE ANY AFFILIATE PROFIT?

3 A. No. The test year costs reflect actual costs.
4

5 Q. PLEASE DISCUSS ADJUSTMENT NOS. 10 AND 11.

6 A. Adjustment 10 reflects interest synchronization with rate base.

7 Adjustment 11 reflects the incomes taxes based upon the adjusted test year
8 revenues and expenses and at the effective tax rate. The computation of the effective
9 income tax rate follows the framework set-forth in Decision No. 73379.
10

11 IV. RATE DESIGN (H SCHEDULES).
12

13 Q. WHAT ARE THE COMPANY'S PRESENT AND PROPOSED RATES FOR
14 WATER SERVICE?

15 A. The Company's present and proposed rates are shown on Schedule H-3.
16

17 Q. WHAT IS THE IMPACT OF THE COMPANY'S PROPOSED RATES ON A
18 5/8X3/4 INCH METERED RESIDENTIAL CUSTOMER WITH AN AVERAGE
19 BILL?

20 A. As shown on Schedule H-2, page 1, the present monthly bill for a 5/8x3/4 inch metered
21 residential customer using an average of 4,604 gallons is \$30.94. The proposed monthly
22 bill for a 5/8x3/4 inch metered residential customer using an average of 4,604 gallons
23 would be \$34.81, an increase of \$3.87, or 12.50 percent above the present rates.
24
25
26

1 **Q. HAS THE COMPANY PROPOSED A CHANGE IN THE OVERALL RATE**
2 **DESIGN STRUCTURE AS PART OF ITS PROPOSAL?**

3 A. No. The Company rate design reflects the inverted-tier design adopted in the last case
4 including the respective break-over points. The monthly minimums and commodity
5 charges were increased to recover the Company's proposed revenue requirement and in
6 approximately the same overall proportions as the test year. In other words, under present
7 rates, the Company recovered approximately 47.9 percent of revenues from the monthly
8 minimums and 52.1 percent from the commodity rates. Under the proposed rates, the
9 Company will recover approximately 47.6 percent of revenues from the monthly
10 minimums and 52.4 percent from the commodity rates. Schedule H-3, pages 3 and 4,
11 show the revenue recovery from the monthly minimums and commodity rates under
12 present and proposed rates.

13
14 **Q. ARE THERE ANY CHANGES TO THE MISCELLANEOUS SERVICE**
15 **CHARGES?**

16 A. Yes. The Company proposes to: (i) eliminate the Establishment – After Hours (\$40) and
17 Reconnection – Delinquent and After Hours (\$40) charges; and (ii) proposes to replace
18 those charges with an After Hours Charge of \$50. This charge will apply to all services
19 provided after hours and at the customer's request to have the service performed after
20 regular business hours.

21
22 **Q. ARE THERE ANY CHANGES TO THE METER AND SERVICE LINE**
23 **INSTALLATION CHARGES?**

24 A. No.
25
26

1 Q. ARE THERE ANY CHANGES TO THE OFF-SITE HOOK-UP FEES?
2 A. No.
3
4 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY ON RATE BASE,
5 INCOME STATEMENT AND RATE DESIGN?
6 A. Yes.
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Exhibit TJB-DT1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)

M.B.A. University of Phoenix with Emphasis in Finance (1991)

C.P.A. State of Arizona (1995)

Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs

Water Utilities Association of Arizona

American Water Works Association

Society of Regulatory Financial Analysts

EMPLOYMENT EXPERIENCE

1995 – Present	<p>CPA - Self Employed</p> <p>Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required.</p> <p>Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews.</p> <p>Litigation support services.</p>
1992-1995	<p>Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.</p>
1989-1992	<p>Employed by Alta Technical School, a division of University of Phoenix as Division Controller.</p>
1985-1989	<p>Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager</p>
1982-1985	<p>Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.</p>

1981-1982

Employed by Purdue University, West Lafayette, Indiana as
Teaching Assistant.

**SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED
CONSULTANT**

COMPANY/CLIENT

FUNCTION

Tierra Buena Water Company
ACC Docket No. W-02076A-15-013

Permanent Rate Application – Water.
Assisted in preparation of short-form
schedules.

Red Rock Utilities, LLC
ACC Docket No. W-04245A-14-0295

Permanent Rate Application – Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Quail Creek Water Company
ACC Docket No. W-02514A-14-0370

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Tonto Basin Water Company
ACC Docket No. W-03515A-14-0310

Permanent Rate Application – Water.
Prepared short-form schedules for Rate
Base, Income Statement, Plant, Bill
Counts, and Rate Design.

Navajo Water
ACC Docket No. W-03511A-14-304

Permanent Rate Application – Water.
Prepared short-form schedules for Rate
Base, Income Statement, Plant, Bill
Counts, and Rate Design.

Alaska Power Company
Regulatory Commission of Alaska
Docket No. U-14-002

Prepared schedules and testified on cost of
capital.

Anchorage Municipal Light & Power
Regulatory Commission of Alaska
Docket No. U-13-184

Prepared schedules and testified on cost of
capital.

Liberty Utilities (Pine Bluff) Inc.
Arkansas Public Service Commission
Docket No. 14-020-U

Permanent Rate Application – Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Cost of Service, Rate
Design, and Cost of Capital.

Abra Water Company

Permanent Rate Application – Prepared

COMPANY/CLIENT**FUNCTION**

ACC Docket No. W-01782A-14-0084

schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

EPCOR Water Arizona, Inc.
ACC Docket No. W-01303A-14-0010

Permanent Rate Application – Prepared rate designs and cost of Service studies for Mohave Water District, Mohave Wastewater District, Paradise Valley Water District, Tubac Water District, and Sun City Water District.

Liberty Utilities (Midstates Natural Gas), Inc.
Missouri Public Service Commission
Case No. GR-2014-0152

Permanent Rate Application – Assist in preparing required rate application schedules for Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Hydro Resources, LLC.
ACC Docket No. W-20770A-13-0313

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.

Little Park Water Company
ACC Docket No. W-02192A-13-0336

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Utility Source, LLC.
ACC Docket No. WS-04235A-13-0331

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Payson Water Company
ACC Docket No. W-03514A-13-0111
ACC Docket No. W-03514A-13-0142

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Financing Application. Prepared financial ratios and debt surcharge mechanism.

Goodman Water Company

Valuation

COMPANY/CLIENT

Verde Santa Fe Wastewater
ACC Docket No. SW-03437A-13-0292

Lago Del Oro Water Company
ACC Docket No. W-01944A-13-0215

Chaparral City Water Company
ACC Docket No. W-02113A-13-0118

Las Quintas Serenas Water Company
ACC Docket No. W-01583A-13-0117

Southwest Environmental Utilities. Inc.
ACC Docket No. WS-20878A-13-0065

Litchfield park Service Company
ACC Docket No. SW-01428A-13-0043
ACC Docket No. W-01428A-13-0042

Beaver Dam Water Company
ACC Docket No. WS-03067A-12-0232

Rio Rico Utilities
ACC Docket No. WS-02676A-12-0196

Vail Water Company
ACC Docket No. W-01651B-12-0339

FUNCTION

Permanent Rate Application – Sewer.
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application – Prepared and testified on cost of service study.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Certificate of Convenience and Necessity – Water and Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue

COMPANY/CLIENT

FUNCTION

Avra Water Co-Op.
ACC Docket No. W-02126A-11-0480

Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Pima Utility Company
ACC Docket No. W-02199A-11-0329
ACC Docket No. SW-02199A-11-0330

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Work on financing application.

Liberty Utilities (CALPECO Electric, LLC)
Docket No. 11202020

Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.

Livco Water Company
ACC Docket No. SW-02563A-11-0213

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Orange Grove Water Company
ACC Docket No. W-02237A-11-0180

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Goodman Water Company
ACC Docket No. W-02500A-10-0382

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Doney Park Water
ACC Docket No. W-01416A-10-0450

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court

Consultant to defendant and expert witness for defendant on rates and ratemaking.

COMPANY/CLIENT

for the District of Arizona.

FUNCTION

Southern Arizona Home Builders
Association

Consultant on ratemaking aspects to line
extension policies (electric).

H2O Water Company

Valuation

Tierra Linda HOA Water Company

Valuation

Las Quintas Serenas Water Company
ACC Docket No. W-01583A-09-0589

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Coronado Utilities
ACC Docket No. SW-04305A-09-0291

Permanent Rate Application –
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Little Park Water Company
ACC Docket No. W-02192A-09-0531

Permanent Rate Application. Prepared
schedules on Plant, Income Statement,
Revenue Requirement, and Rate Design.

Sahuarita Water Company
ACC Docket No. W-03718A-09-0359

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, Cost of
Service, and Cost of Capital.

Bella Vista Water Company
Southern Sunrise Water Company
Northern Sunrise Water Company
ACC Docket No. W-02465A-09-0414
ACC Docket No. W-02453A-09-0414
ACC Docket No. W-02454A-09-0414

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, Cost of
Service, and Cost of Capital.

Rio Rico Utilities, Inc
ACC Docket No. WS-02676A-09-0257

Permanent Rate Application – Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Rate Design, and
Cost of Capital.

COMPANY/CLIENT

Litchfield park Service Company
ACC Docket No. SW-01428A-09-0103
ACC Docket No. W-01428A-09-0104

Town of Thatcher v. City of Safford, CV
2007-240, Superior Court of Arizona

Valencia Water Company
California Public Utility Commission Case
No. 09-05-002

Valley Utilities
ACC Docket No. W-01412A-08-0586

Black Mountain Sewer Company
ACC Docket No. SW-02361A-08-0609

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0608

Farmers Water Company
ACC Docket No. W-01654A-08-0502

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0454

Ridgeline Water Company, LLC
ACC Docket No. W-20589A-08-0173

FUNCTION

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

Consultant to plaintiff on ratemaking and cost of service.

Cost of Capital

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Interim Rate Application (Emergency Rates)

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rates.

COMPANY/CLIENT

Sacramento Utilities, Inc.
ACC Docket No. SW-20576A-08-0067

Johnson Utilities
ACC Docket No. WS-02987A-08-0180

Orange Grove Water Company
ACC Docket No. W-02237A-08-0455

Far West Water and Sewer Company
ACC Docket No. WS-03478A-07-0442

Oak Creek Water No.1
ACC Docket No. W-01392A-07-0679

ICR Water Users Association
Docket W-02824-07-0388

Johnson Utilities

H2O, Inc
ACC Docket No. W-02234A-07-0550

Chaparral City Water Company
ACC Docket No. W-02113A-07-0551

FUNCTION

Certificate of Convenience and Necessity
– Wastewater. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, and financing.

Permanent Rate Application. Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Rate Design and
Cost of Capital.

Participate in 40-252 proceeding.

Permanent Rate Application. Prepared
schedules on Plant, Income Statement,
Revenue Requirement, and Rate Design.

Financing Application. Prepare schedules
to support application.

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

Valuation consultant in the matter of the
sale of Johnson Utilities assets to the
Town of Florence.

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Permanent Rate Application. Prepared
schedules and testified on Rate Base, Plant,
Income Statement, Revenue Requirement,
Rate Design, and Cost of Capital.

COMPANY/CLIENT**FUNCTION**

Valley Utilities
ACC Docket No. W-01412A-07-0561

Financing Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-280

Emergency Rate Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-0278

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Litchfield Park Service Company
ACC Docket No. W-01427A-06-0807

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Golden Shores Water Company
ACC Docket No. W-01815A-07-0117

Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Diablo Village Water Company
ACC Docket No. W-02309A-07-0140

Off-site facilities hook-up fee application. Prepare schedules to support application.

Diablo Village Water Company
ACC Docket No. W-02309A-07-0399

Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Sahuarita Water Company
(Rancho Sahuarita Water Co.)
ACC Docket No. W-03718A-07-0687

Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Utility Source, L.L.C.
ACC Docket No. WS-04235A-06-0303

Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT

Tierra Buena Water Company

Goodman Water Company
ACC Docket No. W-02500A-06-0281

Links at Coyote Wash Utilities
ACC Docket No. SW-04210A-06-0220

New River Utilities
ACC Docket No. W-0173A-06-0171

Johnson Utilities
ACC Docket No. WS-02987A-04-0501
Docket WS-02987A-04-0177

Bachmann Springs Utility
ACC Docket No. WS-03953A-07-0073

Avra Water Cooperative
ACC Docket No. W-02126A-06-0234

Gold Canyon Sewer Company
ACC Docket No. SW-025191A-06-0015

*State of Arizona v. Far West Water and
Sewer, No. 1 CA-CR 06-0160*

Far West Water and Sewer Company

FUNCTION

Valuation of Tierra Buena Water
Company for estate purposes.

Permanent Rate Application (Class C).
Water. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
and Cost of Capital.

Certificate of Convenience and Necessity
– Sewer. Prepared pro-forma balance
sheets, income statements, plant
schedules, rate base, financing, and initial
rate design.

Extension Certificate of Convenience and
Necessity – Water. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, and financing.

Extension of Certificate of Convenience
and Necessity – Sewer. Prepared pro-
forma balance sheets, income statements,
plant schedules, rate base, financing, and
initial rate design.

Permanent Rate Application – Water and
Sewer. Prepared short-form schedules for
Rate Base, Income Statement, Plant, Bill
Counts, and Rate Design.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Permanent Rate Application – Sewer.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Expert witness on behalf of defendant in
penalty phase of case.

Permanent Rate Application – Sewer.

COMPANY/CLIENT

ACC Docket No. WS-03478A-05-0801

Black Mountain Sewer Company
ACC Docket No. SW-02361A-05-0657

Balterra Sewer Company
ACC Docket No. SW-02304A-05-0586

Community Water Company of Green
Valley
ACC Docket No. W-02304A-05-0830

McClain Water Systems
Northern Sunrise Water
Southern Sunrise Water
ACC Docket No. W-020453A-06-0251

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Beardsley Water Company
ACC Docket No. W-02074A-04-0358

Pine Water Company, Inc.
ACC Docket No. W-03512A-03-0279

FUNCTION

Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Off-site facilities hook-up fee application. Prepare schedules to support application.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base,

COMPANY/CLIENT**FUNCTION**

Chaparral City Water Company
ACC Docket No. W-02113A-04-0616

Plant, Income Statement, Cost of Capital,
and Rate Design.

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, and Income Statement. Assisted in
preparation Rate Design.

Tierra Linda Home Owners Association
ACC Docket No. W-0423A-04-0075

Certificate of Convenience and Necessity
– Water. Prepared pro-forma balance
sheets, income statements, plant
schedules, rate base, financing, and initial
rate design.

Diamond Ventures - Red Rock Utilities
ACC Docket No. WS-04245A-04-0184

Certificate of Convenience and Necessity
– Water and Sewer. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, financing, and initial
rate design.

Arizona-American Water Company, Inc.
ACC Docket No. WS-01303A-02-0867
ACC Docket No. WS-01303A-02-0868
ACC Docket No. WS-01303A-02-0869
ACC Docket No. WS-01303A-02-0870
ACC Docket No. WS-01303A-02-0908

Permanent Rate Application Water and
Sewer (10 divisions). Prepared schedules
and testimony on Rate Base, Plant,
Income Statement, and Revenue
Requirement. Assisted in preparation of
Rate Design.

Bella Vista Water Company, Inc.
ACC Docket No. W-02465A-01-0776

Permanent Rate Application - Water.
Prepared schedules and testimony on Rate
Base, Plant, Income Statement, and
Revenue Requirement. Assisted in
preparation of Cost of Capital and Rate
Design.

Green Valley Water Company
Docket (2000 Not Filed)

Permanent Rate Application. Prepared
schedules and testimony on Rate Base,
Plant, Income Statement, and Revenue
Requirement. Assisted in preparation of
Cost of Capital and Rate Design.

Gold Canyon Sewer Company
ACC Docket No. SW-02519A-00-0638

Permanent Rate Application - Sewer.
Prepared schedules and testimony on Rate

COMPANY/CLIENT**FUNCTION**

Rio Verde Utilities, Inc.
ACC Docket No. WS-02156A-00-0321

Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Livco Water Company
Livco Sewer Company
ACC Docket No. SW-02563A-05-0820

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Livco Water Company
ACC Docket No. SW-02563A-07-0506

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Cave Creek Sewer Company

Revenue Requirement, Rate Adjustment and Rate Design - Sewer.

Avra Water Cooperative
ACC Docket No. W-02126A-00-0269

Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Town of Oro Valley

Revenue Requirements, Water Rate Adjustments and Rate Design.

Far West Water Company
ACC Docket No. WS-03478A-99-0144

Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.

MHC Operating Limited Partnership
Sedona Venture Wastewater
ACC Docket No. W-

Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Vail Water Company

Permanent Rate Application. Assisted in

COMPANY/CLIENT

ACC Docket No. W-01651B-99-0406

E&T Water Company

ACC Docket No. W-01409A-95-0440

New River Utility

ACC Docket No. W-01737A-99-0633

Golden Shores Water

ACC Docket No. W-01815A-98-0645

Ponderosa Utility Company

ACC Docket No. W-01717A-99-0572

Chaparral City Water Company

Docket (1999 Not Filed)

FUNCTION

preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Permanent Rate Application - Water.

Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Permanent Rate Application - Water.

Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Permanent Rate Application – Water.

Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Permanent Rate Application – Water.

Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Permanent Rate Application - Water.

Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH- CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-03718A-15-_____
SAHUARITA WATER COMPANY, INC. FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PROPERTY AND)
FOR THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES.)
_____)

Direct Testimony of

Thomas J. Bourassa

Cost of Capital

June 26, 2015

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TABLE OF CONTENTS

I.	Introduction.....	1
II.	Summary of Testimony and the Proposed Cost of Capital for the Company.....	1
III.	Overview of the Relationship Between Risk and the Expected Return on Investment.....	3
IV.	The Meaning of “Just and Reasonable” Rate of Return	11
V.	The Estimated Cost of Equity for SWC.....	13

1 **I. INTRODUCTION.**

2
3 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

4 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix,
5 Arizona 85029.

6
7 **Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT**
8 **TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE**
9 **REQUIREMENT AND RATE DESIGN IN THIS DOCKET?**

10 A. Yes, and all of my background information and testimony regarding my qualifications is
11 contained in that portion of my direct testimony.

12
13 **II. SUMMARY OF TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR**
14 **THE COMPANY.**

15
16 **Q. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR DIRECT**
17 **TESTIMONY?**

18 A. This portion of my direct testimony will focus on cost of capital issues. I will testify in
19 support of Sahuarita Water Company, L.L.C.'s ("SWC" or "the Company") proposed rate
20 of return on its fair value rate base. I am sponsoring the Company's "D" Schedules,
21 which are attached to this testimony. Also attached to this testimony are Exhibits TJB-
22 COC-DT-1 through TJB-COC-DT-2, which are discussed herein. As noted above, I am
23 also sponsoring direct testimony that addresses the Company's rate base, income
24 statement (revenue and operating expenses), required increase in revenue, and its rate
25 design and proposed rates and charges for service. For the convenience of the
26 Commission and the parties, that testimony and my related schedules are being filed

1 separately.

2
3 **Q. PLEASE SUMMARIZE YOUR COST OF CAPITAL TESTIMONY.**

4 A. I have determined that the cost of equity for the publicly traded water utilities falls in the
5 range of 9.8 percent to 11.10 percent with an average of 10.30 percent. After considering
6 the differences in business and financial risk between SWC and the publicly traded water
7 utilities, the cost of equity for SWC falls in the range of 10.4 percent to 11.0 percent with
8 a mid-point of 10.7 percent. I am recommending a return on equity ("ROE") of no less
9 than 10.5 percent for SWC.
10

11 **Q. WHAT IS THE RECOMMENDED CAPITAL STRUCTURE FOR SWC?**

12 A. The actual capital structure at the end of the test year (December 31, 2014) was
13 approximately 20.57 percent debt and 79.43 percent equity. The Company is proposing
14 this capital structure for ratemaking purposes.
15

16 **Q. WHAT IS THE RECOMMENDED COST OF DEBT?**

17 A. The Company's recommended cost of debt is 4.2 percent. The cost of debt is based upon
18 the current cost of debt on SWC's Water Infrastructure Finance Authority ("WIFA") loan.
19

20 **Q. WHAT IS THE WEIGHTED AVERAGE COST OF CAPITAL?**

21 A. The weighted cost of capital is 9.2 percent as shown on Schedule D-1.
22

23 **Q. PLEASE SUMMARIZE THE APPROACH YOU USED TO ESTIMATE THE**
24 **COST OF EQUITY FOR THE COMPANY.**

25 A. The cost of equity for SWC cannot be estimated directly because the Company's equity is
26 not in the form of a publicly traded security and thus there is no market data for SWC.

1 Consequently, I applied market-based models (Discounted Cash Flow (“DCF”), Risk
2 Premium Model (“RPM”), and CAPM (“CAPM”)), using data from a sample of water
3 utilities selected from the Value Line Investment Survey. There are seven water utilities
4 in my sample: American States Water, Aqua America, California Water, Connecticut
5 Water, Middlesex Water, SJW Corp., and York Water Company. As explained later in my
6 testimony, these companies aren’t really comparable to SWC, but they are utilities with
7 available market data and the Utilities Division Staff has relied on data for these water
8 utilities in a number of recent water and sewer utility rate cases.
9

10 **III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED**
11 **RETURN ON INVESTMENT.**
12

13 **Q. PLEASE DEFINE THE COST OF EQUITY.**

14 A. The cost of equity is the rate of return that equity investors expect to receive on their
15 investment. Investors can choose from numerous investment options, not simply publicly
16 traded stock. Investments have varying degrees of risk, ranging from relatively low risk
17 assets such as Treasury securities to somewhat higher risk corporate bonds to even higher
18 risk common stocks. As the level of risk increases, investors require higher returns on
19 their investment. The cost of equity is therefore expected rate of return that that the
20 market requires to attract funds to a particular investment.¹ Finance models that are used
21 to estimate the cost of equity rely on this basic concept.
22

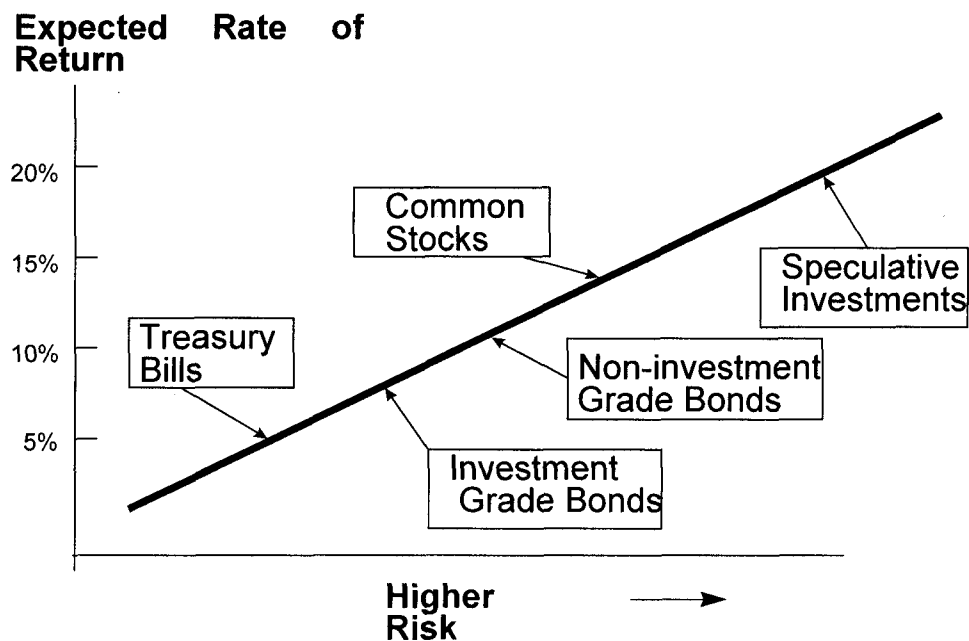
23 **Q. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?**

24 A. Yes. The following graph depicts the risk-return relationship that has become widely
25

26 ¹ Shannon P. Pratt and Roger J. Grabowski, *Cost of capital: Applications and Examples 5th Ed.* (Hoboken, NJ, John Wiley and Sons, 2014); p. 2.

known as the Capital Market Line ("CML"). The CML illustrates in a general way the risk-return relationship.

The Capital Market Line (CML)



The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases as you move upward and to the right along the CML. Again, the return required by investor's increases with the risk.

Q. HOW DOES THE RISK-RETURN TRADE OFF CONCEPT WORK IN THE CAPITAL MARKET?

A. As indicated by the CML, the allocation of capital in a free market economy is based upon the relative risk of, and expected return from, an investment. In general, investors rank investment opportunities in the order of their relative risks. Investment alternatives in which the expected return is commensurate with the perceived risk become viable

1 investment options. If all other factors remain equal, the greater the risk, the higher the
2 rate of return investors will require to compensate them for the possibility of loss of either
3 the principal amount invested or the expected annual income from such investment.

4 Short-term Treasury bills provide a high degree of certainty and in nominal terms
5 (after considering inflation) are considered virtually risk free. Long-term bonds and
6 preferred stocks, having priority claims to assets and fixed income payments, are
7 relatively low risk, but are not risk free. The market values of long-term bonds often
8 fluctuate when government policies or other factors cause interest rates to change.
9 Common stocks are higher and to the right on the CML continuum because they are
10 exposed to more risk. Common stock risk includes the nature of the underlying business
11 and financial strength of the issuing corporation as well as market-wide factors, such as
12 general changes in capital costs.

13 The capital markets reflect investor expectations and requirements each day
14 through market prices. Prices for stocks and bonds change to reflect investor expectations
15 and the relative attractiveness of one investment relative to others. While the example
16 provided above seems straightforward, returns on common stocks are not directly
17 observable in advance, in contrast to debt or preferred stocks with fixed payment terms.
18 This means that these returns must be estimated from market data. Estimating the cost of
19 equity capital should be a matter of informed judgment about the relative risk of the
20 investment in question and the expected rate of return characteristics of other alternative
21 investments.

22 The estimation of a utility's cost of equity is complex. It requires an analysis of
23 the factors influencing the cost of various types of capital, such as interest on long-term
24 debt, dividends on preferred stock, and earnings on common equity. The data for such an
25 analysis comes from highly competitive capital markets, where the firm raises funds by
26 issuing common stock, selling bonds, and by borrowing (both long- and short-term) from

1 banks and other financial institutions. In the capital markets, the cost of capital, whether
2 the capital is in the form of debt or equity, is determined by two important factors: (1) The
3 pure or real rate of interest, often called the risk-free rate of interest; and (2) The
4 uncertainty or risk premium (the compensation the investor requires over and above the
5 real or pure rate of interest for subjecting his capital to additional risk).

6
7 **Q. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.**

8 A. The pure rate of interest essentially reflects both the time preference for and the
9 productivity of capital. From the standpoint of the individual, it is the rate of interest
10 required to induce the individual to forgo present consumption and offer the funds thus
11 saved to others for a specified length of time. Moreover, the pure rate of interest concept
12 is based on the assumption that no uncertainty effects the investment undertaken by the
13 individual, i.e., there is no doubt that the periodic interest payments will be made and the
14 principal returned at the end of the time period. In reality, investments without any risk
15 do not exist. Every commitment of funds involves some degree of uncertainty.

16 Turning to the second factor affecting the cost of capital, it is generally accepted
17 that the higher the degree of uncertainty, the higher the cost of capital. Investors are
18 regarded as risk adverse and require that the rate of return increase as the risk(s)
19 (uncertainty) associated with an investment increase(s).

20
21 **Q. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS**
22 **DISCUSSION WITH RESPECT TO RETURNS ON COMMON STOCKS?**

23 A. Yes. Conceptually,

24 [1] Required Return for Return on a
25 Common Stocks = risk-free asset + Risk Premium

26 where the risk premium investors require for common stocks will be higher than the risk

1 premium they require for investment grade bonds. This relationship is depicted in the
2 graph of the CML above. As I will discuss later in this testimony, this concept is the basis
3 of risk premium methods, such as the Capital Asset Pricing Model ("CAPM"), that are
4 used to estimate the cost of equity.

5
6 **Q. PLEASE DISCUSS IN MORE DETAIL THE IMPACT OF RISK ON CAPITAL**
7 **COSTS.**

8 A. With reference to specific utilities, risk is often discussed as consisting of two separate
9 types of risk: business risk and financial risk.

10 Business risk, the basic risk associated with any business undertaking, is the
11 uncertainty associated with the enterprise's day-to-day operations. In essence, it is a
12 function of the normal day-to-day business environment, both locally and nationally.
13 Business risks include the condition of the economy and capital markets, the state of labor
14 markets, regional stability, government regulation, technological obsolescence, and other
15 similar factors that may impact demand for the business product and its cost of
16 production. For utilities, business risk also includes the volatility of revenues due to
17 abnormal weather conditions, degree of operational leverage, regulation, and regulatory
18 climate. Regulation, for example, can compound the business risk if it is unpredictable in
19 reacting to cost increases, both in terms of the time lag and magnitude for recovery of
20 such increases. Regulatory lag makes it difficult to earn a reasonable return, particularly
21 in an inflationary environment and/or when there is significant lag between the timing of
22 investment in capital projects and its recognition in rates. Put simply, the greater the
23 degree of uncertainty regarding the various factors affecting a company's business, the
24 greater the risk of an investment in that company and the greater the compensation
25 required by the investor.

26 Financial risk, on the other hand, concerns the distribution of business risk to the

1 various capital investors in the utility. As I discussed earlier, permanent capital is
2 normally divided into three categories: long-term debt, preferred stock, and common
3 equity. Because common equity owners have only a residual claim on earnings after debt
4 and preferred stockholders are paid, financial risk tends to be concentrated in that element
5 of the firm's capital. Thus, a decision by management to raise additional capital by
6 issuing additional debt concentrates even more of the financial risk of the utility in the
7 common equity owners.

8
9 **Q. WHAT ARE THE DETERMINANTS OF THE RISK FREE RATE IN EQUATION**
10 **[1]?**

11 A. The risk-free rate can be disaggregated in to a "real" rate of interest and an inflation
12 premium (expected future inflation).

13
14 **Q. WHAT ARE THE DETERMINANTS OF THE REQUIRED RISK PREMIUM**
15 **FROM EQUATION [1]?**

16 A. The risk premium can be disaggregated into five general components: 1) Interest Rate
17 Risk; 2) Business Risk; 3) Regulatory Risk; 4) Financial Risk; and, 5) Liquidity Risk.²

18 Interest Rate Risk refers to the variability in return caused by subsequent changes
19 in interest rates and stems from the inverse relationship between interest rates and asset
20 prices. For example, bond prices fall when interest rates rise and visa versa.

21 Business risk, the basic risk associated with any business undertaking, is the
22 uncertainty associated with the enterprise's day-to-day operations. In essence, it is a
23 function of the normal day-to-day business environment, both locally and nationally
24 which collectively increase the probability that expected future income flows accruing to
25 investors may not be realized. Business risks include the condition of the economy and

26 ² Dr. Roger Morin, *New Regulatory Finance* (Vienna Virginia, Public Utilities Reports 2006); p. 36.

1 capital markets, the state of labor markets, regional stability, technological obsolescence,
2 degree of competition, sales volatility, government regulation, and other similar factors
3 that may impact demand for the business product and its cost of production. For utilities,
4 business risk also includes the volatility of revenues due to abnormal weather conditions
5 and the degree of operational leverage.

6 Regulatory risk refers to the quality and consistency of regulation applied to a
7 given regulated utility. Regulatory jurisdictions are evaluated on the basis of three major
8 factors: earnable return on equity, regulatory quality, and regulatory practices.³ These
9 three factors collectively impact a utility ability to earn its authorized return. The type of
10 test year employed (historical or future), length of regulatory lag, capital structure and rate
11 base issues, and length of regulatory lag are among the reasons a utility may or may not
12 have a reasonable opportunity to earn its authorized return.

13 Regulation can compound the business risk if it is unpredictable in reacting to cost
14 increases, both in terms of the time lag and magnitude for recovery of such increases.
15 Regulatory lag makes it difficult to earn a reasonable return, particularly in an inflationary
16 environment and/or when there is significant lag between the timing of investment in
17 capital projects and its recognition in rates. Put simply, the greater the degree of
18 uncertainty regarding the various factors affecting a company's business, the greater the
19 risk of an investment in that company and the greater the compensation required by the
20 investor.

21 Financial risk concerns the distribution of business risk to the various capital
22 investors in the utility and refers to the additional variability imparted to income available
23 to common shareholders stemming from the company's method of financing its capital
24 needs. Permanent capital is normally divided into three categories: long-term debt,
25 preferred stock, and common equity. Because common equity owners have only a

26 ³ Morin, p.43.

1 residual claim on earnings after debt and preferred stockholders are paid, financial risk
2 tends to be concentrated in that element of the firm's capital. Thus, a decision by
3 management to raise additional capital by issuing additional debt concentrates even more
4 of the financial risk of the utility in the common equity owners.

5 Construction risk is an important component of financial risk. Construction risk is
6 the risk of both tying capital up in projects that are not earning returns, or of not having
7 sufficient capital to build the assets you need to keep generating returns. If a company has
8 a large construction budget relative to internally generated cash flows, it will require
9 external financing which will also have an impact on financial risk. It is important that
10 companies have access to capital funds on reasonable terms and conditions. Utilities are
11 more susceptible to construction risk for two reasons. First, water and wastewater utilities
12 generally have high capital requirements to build plant to serve customers. Second,
13 utilities have a mandated obligation to serve leaving less flexibility both in the timing and
14 discretion of scheduling capital projects. This is compounded by the limited ability to
15 wait for more favorable market conditions to raise the capital necessary to fund the capital
16 projects, and then the lag between when plant can be built and when rates can be approved
17 to provide returns on and of that capital. It is imperative there is access to needed capital
18 and on reasonable terms and conditions. The return allowed on common equity will have
19 a critical role in determining those terms and conditions.⁴

20 Although often discussed separately, the two types of risks (business and financial)
21 are interrelated. A study by Scott and Martin found statistically significant results for
22 unregulated firms in twelve industries that "smaller equity ratios (higher leverage use) are
23 generally associated with larger companies."⁵ One should expect unregulated enterprises
24

25 ⁴ Morin, p. 48.

26 ⁵ Scott, D.F. and Martin, J.D., "Industry Influence on Financial Structure," *Financial Management*, Spring 1975, pp. 67-71.

1 to seek the best balance between debt and equity to obtain the lowest overall cost of
2 capital. The findings of Scott and Martin suggest smaller firms found it prudent to *offset*
3 *higher business risks related to being small by reducing financial risk*. This evidence
4 suggests the least cost equity ratio for SWC may be bigger than the average equity ratio
5 for the benchmark water proxy group.

6 Finally, Liquidity Risk refers to the ability to readily convert an investment into
7 cash without sustaining a loss. Capital market theory generally assumes that investments
8 are liquid and observations about risk and return are drawn from information about liquid
9 investments. Non-publicly traded or privately-held investments possess little liquidity.

10
11 **Q. IS INVESTMENT RISK SIZE RELATED?**

12 A. Yes. Investment risk is size related.⁶ In other words, investment risk increases as
13 company size decreases.⁷ Investment liquidity may be a significant factor explaining this
14 relationship. However, the illiquidity of smaller stocks does not capture the size effect
15 completely.⁸ Size may be a proxy for one or more true unknown factors correlated with
16 size.⁹

17
18 **IV. THE MEANING OF “JUST AND REASONABLE” RATE OF RETURN.**

19
20 **Q. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE**
21 **RATE OF RETURN THAT A UTILITY’S RATES SHOULD PRODUCE?**

22 A. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining
23 whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v.*

24 ⁶ Morin, p. 49.

25 ⁷ *Id.*

25 ⁸ Duff & Phelps, 2015 *Valuation Handbook; Guide to Cost of Capital* (Hoboken, NJ, John Wiley and
26 Sons, 2014); p. 4-21 – 4-22.

26 ⁹ Duff & Phelps, p.4-25.

1 *Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

2 A public utility is entitled to such rates as will permit it to earn a return on
3 the value of the property which it employs for the convenience of the
4 public equal to that generally being made at the same time and in the same
5 general part of the country on investments on other business undertakings
6 which are attended by corresponding risks and uncertainties The return
7 should be reasonably sufficient to assure confidence in the financial
8 soundness of the utility and should be adequate, under efficient and
9 economical management, to maintain and support its credit and enable it to
10 raise money necessary for the proper discharge of its public duties. A rate
11 of return may be reasonable at one time and become too high or too low by
12 changes affecting opportunities for investment, the money market, and
13 business conditions generally.

14 Then, in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944), the
15 U.S. Supreme Court stated the following regarding the return to owners of a company:

16 [T]he return to the equity owner should be commensurate with
17 returns on investments in other enterprises having corresponding
18 risks. That return, moreover, should be sufficient to assure
19 confidence in the financial integrity of the enterprise, so as to
20 maintain its credit and to attract capital.

21 320 U.S. at 603.

22 In summary, under *Hope* and *Bluefield*:

- 23 (1) The rate of return should be similar to the return in businesses with similar
24 or comparable risks;
25 (2) The return should be sufficient to ensure the confidence in the financial
26 integrity of the utility; and
 (3) The return should be sufficient to maintain and support the utility's credit.

27 **Q. HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS?**

28 A. Yes, but the application of the "reasonableness" criteria laid down by the Supreme Court
29 has resulted in controversy. The typical method of computing the overall cost of capital is
30 quite straightforward: it is the composite, weighted cost of the various classes of capital

1 (debt, preferred stock, and common equity) used by the utility. Calculating the proportion
2 that each class of capital bears to total capital does the weighting. However, there is no
3 consensus regarding the best method of estimating the cost of equity capital. The
4 increasing regulatory use of market-based finance models in equity return determination
5 has not led to a universally accepted means of estimating the ROE. In addition, the
6 market-based results are too often applied to a book-value investment base, which, as I
7 will discuss, understates the return expected by investors who invest in real markets based
8 on market values.

9
10 **V. THE ESTIMATED COST OF EQUITY FOR SWC.**

11
12 **A. The Publicly Traded Utilities That Comprise the Sample Group Used to**
13 **Estimate the Company's Cost of Equity.**

14
15 **Q. PLEASE DESCRIBE THE APPROACH YOU FOLLOWED IN YOUR COST OF**
16 **CAPITAL ANALYSIS FOR SWC.**

17 **A.** Again, estimating the cost of equity is a matter of informed judgment. The development
18 of an appropriate rate of return for a regulated enterprise involves a determination of the
19 level of risk associated with that enterprise and the determination of an appropriate return
20 for that risk level. Practitioners employ various techniques that provide a link to actual
21 capital market data and assist in defining the various relationships that underlie the equity
22 cost estimation process.

23 Since SWC is not publicly traded, the information required to directly estimate its
24 cost of equity is not available. Accordingly, as previously noted, I used a sample group of
25 water utilities as a starting point to develop an appropriate cost of equity for SWC. An
26 analysis of a proxy group serves as a starting point because no proxy group can be

1 selected to be identical in risk to SWC. Therefore, the proxy group's results must be
2 adjusted to reflect the unique relative risks, financial and business risks, of SWC, as I will
3 discuss in detail below.

4 For the three models contained in my analysis, I use data from a sample of
5 publicly traded water utilities, or proxy group, selected from the *Value Line Investment*
6 *Survey* as a starting point in my analysis. There are seven water utilities in my sample:
7 American States Water (AWR), Aqua America (WTR), California Water Company
8 (CWT), Connecticut Water (CTWS), Middlesex Water (MSEX), SJW Corp. (SJW), and
9 York Water Company (YORW).

10 The basis of selection for the proxy group of seven water companies was to select
11 those companies which meet the following criteria: 1) they are included in the Water
12 Company Group of AUS Utility Reports (August 2014); 2) they are followed by the *Value*
13 *Line Investment Survey*; 3) they have at least ten years of historical financial and market
14 information; 4) they have a *Value Line* adjusted beta; 5) they have not cut or omitted their
15 common dividends during the five years ending 2013 or through the time of the
16 preparation of this testimony; 6) they have 60 percent or greater of 2013 total net
17 operating income derived from regulated water operations; and 7) which, at the time of the
18 preparation of this testimony, had not publicly announced that they were involved in any
19 major merger or acquisition activity.

20
21 **Q. ARE THE WATER UTILITIES IN YOUR SAMPLE DIRECTLY COMPARABLE**
22 **TO SWC?**

23 A. No, but they are utilities for which market data is available. All of them are regulated,
24 they primarily provide water service, although some provide both water and wastewater
25 services, and their primary source of revenues is from regulated services. Therefore, they
26 provide a useful starting point for developing a cost of equity for the Company

1 recognizing that the proxy group is not perfectly comparable to SWC.

2
3 **Q. BRIEFLY, WHY IS A COMPARABLE PROXY GROUP NECESSARY IN A**
4 **COST OF CAPITAL ANALYSIS?**

5 A. First, a fair rate of return for a specific utility is the return required by investors to hold
6 correspondingly risky assets. Market data for a sample of comparable risk companies
7 provides insight into the investors' required return and that satisfies the U.S. Supreme
8 Court's decisions in *Bluefield* and *Hope* which I discussed earlier. The comparable
9 earnings standard set forth in the *Hope* and *Bluefield* decisions require the rate of return
10 afforded to utilities be similar to the return in businesses with similar or comparable risks.
11 It follows that a proxy group of companies with comparable risk is the starting point in a
12 cost of capital analysis.

13 Second, a primary objective of rate regulation is to determine an authorized ROE
14 that is both fair to customers and provides satisfactory returns for SWC. The best estimate
15 of that ROE is SWC's cost of equity. The cost of equity is a cost of service fairly
16 recovered from customers through rates. It is also satisfactory to SWC because it is
17 commensurate with returns an investor in SWC would expect to earn from investments of
18 comparable risk. To estimate the cost of equity requires market data that reveal investor's
19 required returns. But, SWC is not publicly traded so there is no market information to
20 determine the cost of equity. This necessitates the selection of a proxy group.

21
22 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES**
23 **IN YOUR SAMPLE.**

24 A. Schedule D-4.2 lists the percentages of regulated revenues, operating revenues, net plant,
25 S&P bond ratings, allowed ROE's, *Value Line* betas, market capitalization, and market
26 size category for the seven water utilities. Comparative data for SWC is also shown in

1 Schedule D-4.2. The seven sample companies may be generally described as follows:

- 2
- 3 (1) American States Water (AWR) primarily serves the California market
- 4 through Golden State Water Company, which provides water services to
- 5 over 256,000 customers within 75 communities in 10 counties in the State
- 6 of California, primarily in Los Angeles, San Bernardino, and Orange
- 7 counties. AWR also owns an electric utility service provider (Bear Valley
- 8 Electric Service) with over 23,600 customers. AWR also provides
- 9 contractual services to the U.S. government and private entities located in 5
- 10 states through its subsidiary, American States Utility Services. Total
- 11 operating revenues for AWR are nearly \$465 million and net plant is
- 12 nearly \$999 million.
- 13 (2) Aqua America (WTR) owns regulated utilities in Pennsylvania, Ohio,
- 14 North Carolina, Illinois, Texas, New Jersey, Indiana, and Virginia, serving
- 15 nearly 940,000 customers. WTR's utility base is diversified among
- 16 residential water, commercial water, fire protection, industrial water, other
- 17 water, and wastewater customers. Total operating revenues for WTR are
- 18 nearly \$780 million and net plant is over \$4.4 billion.
- 19 (3) California Water Service Group (CWT) owns subsidiaries in California,
- 20 New Mexico, Washington, and Hawaii serving nearly 506,000 customers.
- 21 CWT also owns HWS Utility Services which conducts the Company's
- 22 non-regulated business. These services include providing billing, water
- 23 quality testing, and water and wastewater system operations and
- 24 management services to cities and other companies. Operating revenues
- 25 for CWT are nearly \$598 million and net plant is nearly \$1.6 billion.
- 26 (4) Connecticut Water Services (CTWS) owns subsidiaries in Connecticut and

1 Maine serving over 123,000 customers. CTWS also provides utility
2 operating services under contract to municipalities and other water
3 systems. Revenues for CTWS are nearly \$95 million and net plant is nearly
4 \$495 million.

5 (5) Middlesex Water (MSEX) owns subsidiaries in New Jersey, and Delaware
6 serving over 100,000 customers and provides water service under contract
7 to municipalities in central New Jersey serving a population of 219,000.
8 Operating revenues for MSEX is over \$117 million and net plant is over
9 \$465 million.

10 (6) SJW Corp. (SJW) owns San Jose Water, which provides water service in a
11 138 square mile area in San Jose, California, and surrounding communities
12 serving nearly 229,000 customers. SJW also owns operations in Texas
13 serving approximately 12,000 connections. San Jose Water Company also
14 provides non-regulated services under agreements with municipalities and
15 other utilities. Operating revenues for SJW are nearly \$318 million and net
16 plant is nearly \$944 million.

17 (7) York Water Company (YORW) provides water service in the state of
18 Pennsylvania serving over 65,000 water and wastewater customers in more
19 than 47 communities. Operating revenues for YORW are nearly \$46
20 million and net plant is nearly \$250 million.

21 While SWC has significant differences with the utilities within the water proxy group, I
22 will discuss specific measures of business risk that quantify the differences between SWC
23 and the water proxy group later in my testimony.
24
25
26

1 **Q. HOW DOES SWC COMPARE TO THE SAMPLE WATER UTILITIES?**

2 A. It is much smaller with fewer customers, a relatively small and limited service territory,
3 far less revenues and far less net plant. At the end of the test year, the Company had
4 approximately 5,500 wastewater customers. The larger publicly traded water companies
5 have many times the customers as does SWC. SWC's revenues totaled approximately
6 \$3.4 million, and net plant-in-service was approximately \$21.2 million. The average
7 revenues of my water proxy group is over 103 times greater than SWC and has nearly 62
8 times the net plant than SWC. The smallest of the publicly traded water utilities in my
9 proxy group (York Water Company) has nearly 14 times the revenues and nearly 12 times
10 the net plant than SWC. So, the water proxy group utilities are much larger and,
11 according to the empirical financial data, less risky than SWC.

12
13 **Q. DO RECENT DEVELOPMENTS IN THE WATER UTILITY INDUSTRY ARE**
14 **IMPACT INVESTMENTS?**

15 A. Yes. On the whole, the water utility industry is expected to continue to confront
16 increasing need for infrastructure upgrades and replacement, as well as possible additional
17 demand. *Value Line Investment Survey* (April 17, 2015) continues to stress that many
18 utilities have facilities that are decades old and in need of significant maintenance and, in
19 some cases, massive renovation and replacement. As infrastructure costs continue to
20 climb, many smaller companies are at a serious disadvantage. *Value Line* notes that most
21 of the companies in this sector lack the finances necessary to fund improvements on their
22 own. This will require water utilities in this sector to rely heavily upon debt and equity
23 offerings for funding. The additional funding will thwart share-earnings and dilute
24 shareholder gains. A copy of the most recent Value Line report on the water industry
25 along with each water utility in my proxy group is attached as Exhibit TJB-COC-DT-1.
26 Along with the industry as a whole, SWC faces these risks

1 Q. WHAT OTHER RISK FACTORS DISTINGUISH SWC FROM THE LARGER
2 SAMPLE OF WATER UTILITIES?

3 A. First, water utilities are capital intensive and typically have relatively large construction
4 budgets. As I have previously discussed in this testimony, firms with large capital
5 budgets face construction risk (a form of financial risk). The size of a utility's capital
6 budget relative to the size of the utility itself often increases construction risk. In addition,
7 large utilities are more able to fund greater portions of their capital budgets from their
8 earnings, cash flows, and short-term borrowings, and they have access to both equity and
9 debt capital from the public markets that helps to provide flexibility and balance to their
10 capital structures. For smaller utilities, like SWC, the ability to fund relatively large
11 capital budgets from earnings, cash flows, and short-term debt is difficult, if not
12 impossible, without reliance upon additional outside capital that is typically limited to
13 debt capital from limited sources.

14 Second, smaller companies are simply less able to cope with significant events that
15 affect sales, revenues and earnings. In general, the loss of revenues from a few larger
16 customers or from trends in the reduction of water use by customers through conservation
17 or the makeup of the customer base, for example, would have a greater effect on a small
18 company than on a much larger company with a larger customer base. In addition, the
19 effect of extreme weather conditions, including prolonged droughts or extremely wet
20 weather will have a greater affect upon a small operating water utility than upon the much
21 larger, more geographically diverse holding companies.

22 Third, there are a number of other factors including the differences in regulatory
23 environments, differences in the type of test year used for rate making, and differences in
24 the available regulatory mechanisms for recovery of costs outside of a rate case. The
25 large water utilities in my water proxy group are generally not subject to the adverse
26 impacts of an unfavorable regulatory environment of one jurisdiction.

1 All these factors have an impact on the ability of a smaller utility to actually earn
2 its authorized return and leads to a greater variability of earnings for SWC compared to
3 the water proxy group, which means greater risk.

4
5 **Q. ARE THERE QUANTITATIVE MEASURES THAT CAN BE USED TO HELP**
6 **IDENTIFY DIFFERENCES IN BUSINESS RISK?**

7 A. Yes. There are a number of fundamental accounting based risk measures that can be used
8 to assess the relative differences between firms and include: 1) The co-efficient of
9 variance of ROE; 2) The co-efficient of variance of operating income; 3) The co-efficient
10 of variance of operating margin, and 4) Operating leverage. The first three are a reflection
11 of the distributions of earnings. These are meaningful when measured against the
12 distribution of earnings of alternative investments, like the water utilities in my water
13 proxy group.

14 The coefficients of variance for ROE, operation income and operating margin can
15 be quantified using relatively simple formulas:

16 [2] Co-efficient of Variance of ROE = Standard Deviation of ROE/Mean of ROE

17 [3] Co-efficient of Variance of Operating Income = Standard Deviation of
18 Operating Income/Mean of Operating Income

19 [4] Co-efficient of Variance of Operating Margin = Standard Deviation of
20 Operating Margin/Mean of Operating Margin

21 The Operating Leverage formula is expressed as:

22 [5] Operating Leverage = Percentage Change in Operating Income/ Percentage
23 Change in Sales

24 Using the business risk measures expressed in equations [2], [3], and [4], the
25 greater the co-efficient of variation or operating leverage, the greater the risk to investors
26

of not receiving expected returns.¹⁰ Below are the computed co-efficient of variation for ROE, Operating Income, and Operating Margin, as well as Operating Leverage using the most recent 5 years of historical data for my water proxy group and SWC:

<u>Company</u>	Business Risk Co-efficient of variance of <u>ROE</u>	Business Risk Co-efficient of variance of <u>Operating Income</u>	Business Risk Co-efficient of variance of <u>Operating Margin</u>	<u>Operating Leverage</u>
Water Proxy Group	0.1271	0.1579	0.0895	2.48
SWC	0.5719	0.4959	0.4649	70.15
Relative Risk of SWC	4.5	3.14	5.19	28.28

This shows that SWC is 3 to 5 times more risky than the water proxy group (ignoring operating leverage).

Q. CAN METRICS LIKE A COMPANY'S CO-EFFICIENT OF ROE, OPERATING INCOME, AND OPERATING MARGIN, BE USED ALONG WITH MARKET DATA TO DEVELOP COMPANY-SPECIFIC RISK PREMIUMS?

A. Yes. *Duff & Phelps* publishes comparative risk characteristics using market data that provides a nexus between a market beta and the metrics operating margin the coefficient of variation in operating margin, and the coefficient of variation in return on equity.¹¹ This information can be used to develop an implied beta for SWC for use in the CAPM. By comparing the results of the CAPM for the water proxy group with the CAPM for

¹⁰ Tuller, Lawrence W., *The Small Business Valuation Book*, Adams Media Corporation, 1994. ("Tuller") p.89.

¹¹ 2015 *Valuation Handbook, Guide to Cost of Capital*, Duff & Phelps, LLC., Exhibits D-1 through D-2.

1 SWC using the implied beta, an indicated risk premium for SWC can be developed. As
2 one would expect, the implied beta for SWC is higher than the beta of my water proxy
3 group and a risk premium of 130 to 180 basis points over the cost of equity of the water
4 proxy group is indicated. I will discuss this method and the implied beta for SWC in
5 more detail in the Company Specific Risk Premium section of my testimony.
6

7 **Q. WHAT ABOUT LIQUIDITY RISK, MR. BOURASSA?**

8 A. A rational investor would not regard an investment in SWC as having the same level of
9 risk as WTR or even CTWS, because of the previously mentioned small size
10 characteristics of SWC, and the fact that an investment in SWC is relatively illiquid
11 compared to the publicly traded water utilities. An investor in a publicly traded stock can
12 sell his/her stock in a very short period of time if he/she is dissatisfied with the returns.
13 An investor in a non-publicly traded stock does not have the ability to sell quickly.
14 Consequently, investors will require a greater risk premium, often called liquidity risk.
15 As a consequence of these differences in risk, the results produced by the DCF, RPM, and
16 CAPM methodologies, utilizing data for the sample utilities, often understate the
17 appropriate return on equity for a small-regulated water utility provider such as SWC.
18

19 **Q. IS THERE A RELATIONSHIP BETWEEN A UTILITY'S CAPITAL**
20 **STRUCTURE AND ITS COST OF CAPITAL?**

21 A. Yes. Generally speaking, when a firm engages in debt financing, it exposes itself to
22 greater risk. Once debt becomes significant relative to the total capital structure, the risk
23 increases in a geometric fashion compared to the linear percentage increase in the debt
24 ratio itself. This risk is illustrated by considering the effect of leverage on net earnings.
25 For example, as leverage increases, the equity ratio falls. This creates two adverse effects.
26 First, equity earnings decline rapidly and may even disappear. Second, the "cushion" of

1 equity protection for debt falls. A decline in the protection afforded debt holders, or the
2 possibility of a serious decline in debt protection, will act to increase the cost of debt
3 financing. Therefore, one may conclude that each new financing, whether through debt or
4 equity, impacts the marginal cost of future financing by any alternative method.

5 For a firm already perceived as being over-leveraged, this additional borrowing
6 would cause the marginal cost of both equity and debt to increase. On the other hand, if
7 the same firm instead successfully employed equity funding, this could actually reduce the
8 real marginal cost of additional borrowing, even if the particular equity issuance occurred
9 at a higher unit cost than an equivalent amount of debt.

10
11 **Q. HOW DO THE CAPITAL STRUCTURES OF THE SAMPLE WATER UTILITIES**
12 **COMPARE TO SWC?**

13 A. Schedule D-4.3 shows that the debt and equity capital structure used to develop the cost of
14 capital for SWC contains 79.43 percent equity and 20.57 percent debt, compared to the
15 average of the water utility sample of approximately 55 percent equity and 45 percent
16 debt. Having less debt in its capital structure implies that SWC has lower financial risk
17 as the sample water utilities.

18
19 **B. Overview of the DCF, RPM, AND CAPM Methodologies**

20
21 **Q. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE**
22 **COST OF CAPITAL.**

23 A. These two broad approaches:

- 24 1) identify comparable-risk sample companies and estimate the cost of capital
25 directly, or,
26

- 1 2) find the location of the CML and estimate the relative risk of the company,
2 which jointly determines the cost of capital.

3 The Discounted Cash Flow ("DCF") method is an example of a method falling
4 into the first general approach. It is a direct method, but uses only a subset of the total
5 capital market evidence. The DCF rests on the premise that the fundamental value of an
6 asset (stock) is its ability to generate future cash flows to the owner of that asset (stock). I
7 will explain the DCF in detail in a moment, but for now, the DCF is simply the sum of a
8 stock's expected dividend yield and the expected long-term growth rate. Dividend yields
9 are readily available, but long-term growth estimates are not.

10 The Risk Premium Model ("RPM") model and Capital Asset Pricing Model
11 ("CAPM") are examples methods falling into the second general approach. An equity risk
12 premium is made first by determining the relationship between the cost of equity and an
13 interest rate over time. To implement these approaches, generally, it is assumed that the
14 past relationship will continue on into the future. The RPM generally uses a small subset
15 of the capital market evidence whereas the CAPM uses information on all securities rather
16 than a small subset. I will explain the RPM and CAPM in more detail later. For now,
17 both the RPM and CAPM reflect a risk-return relationship, often depicted graphically as
18 the CML. The RPM and CAPM cost of equity estimates are the sum of a risk-free return
19 and a risk premium.

20 Each of these methods measures investor expectations. In the final analysis, ROE
21 estimates are subjective and should be based on sound, informed judgment rationally
22 articulated and supported by competent evidence. I have applied three versions of the
23 DCF, one version of the RPM, and two versions of the CAPM to "bracket" the fair cost of
24 equity capital for the publicly traded water utilities in my proxy group. I then add 50 basis
25 points to results of the models for the water proxy group to account for the differences in
26 risk between the water proxy group and SWC.

1 **C. Explanation of the DCF Model and Its Inputs**

2
3 **Q. PLEASE EXPLAIN IN DETAIL THE DCF METHOD OF ESTIMATING THE**
4 **COST OF EQUITY.**

5 A. The DCF model is based on the concept that the current price of a share of stock is equal
6 to the present value of future cash flows from the purchase of the stock. In other words,
7 the DCF model is an attempt to replicate the market valuation process that sets the price
8 investors are willing to pay for a share of a company's stock. It rests on the assumption
9 that investors rely on the expected returns (i.e., cash flow they expect to receive) to set the
10 price of a security. The DCF model in its most general form is:

11 [6] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + CF_n/(1+k)^n$

12 where k is the cost of equity; n is a very large number; P_0 is the current stock price; and,
13 CF_1, CF_2, \dots, CF_n are all the expected future cash flows expected to be received in periods
14 1, 2, ... n.

15 Equation [6] can be written to show that the current price (P_0) is also equal to

16 [7] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + P_t/(1+k)^t$

17 where P_t is the price expected to be received at the end of the period t. If the future price
18 (P_t) included a premium (an expected increase in the stock price or capital gain), the price
19 the investor would pay today (in anticipation of receiving that premium) would increase.
20 In other words, by estimating the cash flows from the purchase of a stock in the form of
21 dividends and capital gains, we can calculate the investor's required rate of return, i.e., the
22 rate of return an investor presumptively used in bidding the current price to the stock (P_0)
23 to its current level.

24 Equation [7] is a Market Price version of the DCF model. As with the general
25 form of the DCF model in equation [6], in the Market Price approach the current stock
26 price (P_0) is the present value of the expected cash inflows. The cash flows are comprised

1 of dividends and the final selling price of the stock. The estimated cost of equity (k) is the
2 rate of return investors expect if they bought the stock at today's price, held the stock and
3 received dividends through the transition period, and then sold it for price (P_1).
4

5 **Q. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE**
6 **VERSION OF THE DCF MODEL?**

7 A. Yes. Assume an investor buys a share of common stock for \$40. If the expected dividend
8 during the coming year is \$2.00, then the expected dividend yield is 5 percent ($\$2.00/\40
9 $= 5.0$ percent). If the stock price is also expected to increase to \$43.00 after one year, this
10 \$3.00 expected gain adds an additional 7.5 percent to the expected total rate of return
11 ($\$3.00/\$40 = 7.5$ percent). Thus, the investor buying the stock at \$40 per share expects a
12 total return of 12.5 percent (5 percent dividend yield plus 7.5 percent price appreciation).
13 The total return of 12.5 percent is the appropriate measure of the cost of capital because
14 this is the rate of return that caused the investor to commit \$40 of his capital by
15 purchasing the stock.
16

17 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.**

18 A. Under the assumption that future cash flow is expected to grow at a constant rate ("g"),
19 equation [6] can be solved for k and rearranged into the simple form:

20 [8] $k = CF_1/P_0 + g$

21 where CF_1/P_0 is the expected dividend yield and g is the expected long-term dividend
22 (price) growth rate ("g"). The expected dividend yield is computed as the ratio of next
23 period's expected dividend (" CF_1 ") divided by the current stock price (" P_0 ").

24 This form of the DCF model is known as the constant growth DCF model and
25 recognizes that investors expect to receive a portion of their total return in the form of
26 current dividends and the remainder through future dividends and capital (price)

1 appreciation. A key assumption of this form of the model is that investors expect that
2 same rate of return (k) every year and that market price grows at the same rate as
3 dividends. But, this has not been historically true for the water utility sample, as shown
4 by the data in Schedule D-4.4 and Schedule D-4.5. As a result, estimates of long-term
5 growth rates (g) should take this into account.

6
7 **Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE DCF MODEL TO**
8 **UTILITY STOCKS?**

9 A. There are a number of reasons why caution must be used when applying the DCF model
10 to utility stocks. First, a non-publicly traded company does not have a stock market price.
11 Using the stock prices from a proxy group assumes that SWC's stock would be similarly
12 priced and has similar dividend yields as the publicly traded water companies. Second,
13 the stock price and dividend yield components may be unduly influenced by structural
14 changes in the industry, such as mergers and acquisitions, which influence investor
15 expectations. Third, the DCF model is based on a number of assumptions that may not be
16 realistic given the current capital market environment. The traditional DCF model
17 assumes that the stock price, book value, dividends, and earnings all grow at the same
18 rate. This has not been historically true for the sample water utility companies.

19 We should be especially concerned with the DCF model's applicability under
20 current market conditions. The Federal Reserve's bond buying programs have kept
21 longer-term bond yields low and interest rates are expected to rise,¹² but in the meantime,
22 and because bond yields are still very low, investors are "chasing yields" and driving up
23 the stock prices of companies that pay dividends, like utilities. The *Value Line* Investment
24 Survey (April 17, 2015) for the Water Utility Industry notes:

25
26 ¹² *Blue Chip Financial Forecasts*, April 2015.

1 Low bond yields seem to have driven many income-oriented
2 investors into the equity markets. All this money chasing
3 income has brought down the yield on water utilities,
4 relative to the average stock. Currently, the yield of a
typical water utility is only about 60 to 65 basis points
higher than the average stock. This spread is very low, on
an historical basis.

5 Consider that while dividend yields for the water proxy group have been decreasing, the
6 1-year, 3-year, and 5-year annualized total returns for the water proxy group are 16.85
7 percent, 15.83 percent, and 11.98 percent, respectively, which are all significantly higher
8 than my DCF estimate of the cost of equity of 9.4 to 9.7 percent.¹³ In fact, the water
9 utility proxy group has outperformed the S&P 500 over the past year.¹⁴ The expected
10 equity returns suggested by the market based DCF model does not line up with recent
11 experience in the markets. As Dr. Morin notes:

12 To the extent that increases (decreases) in relative market
13 valuation are anticipated by investors, especially myopic
14 investors with short-term investment horizons, the standard
DCF model will understate (overstate) the cost of equity.

15 Another way of stating this point is that the DCF model does not account for the ebb and
16 flow of investor sentiments over the course of the business cycle. The problem was
17 particularly acute in the mid 1990's and mid 2000's where investors, faced with very low
18 returns on short-term fixed-income securities and an uncertain market outlook, sought
19 higher yields offered by utility stocks in a so-called flight to quality, boosting their stock
20 price and lowering the dividend yield.¹⁵ The circumstances then are not so different than
21 what is occurring today.

22 Fourth, the application of the DCF model produces estimates of the cost of equity

23
24 ¹³ Value Line Analyzer data from May 14, 2015.

25 ¹⁴ Total 1-year return for the S&P 500 as reported by Value Line was 13.94 percent compared to the water
proxy group of 16.85 percent.

26 ¹⁵ Morin, Roger A., "New Regulatory Finance," *Public Utility Reports, Inc.* at 433 (2006).

1 that are consistent with investor expectations only when the market price of a stock and
2 the stock's book value are approximately the same. The DCF model will understate the
3 cost of equity when the market-to-book ratio exceeds 1.0 and conversely will overstate the
4 cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that
5 the market-derived return produced by the DCF is often applied to book value rate base by
6 regulators.

7 Fifth, the assumption of a constant growth rate may be unrealistic, and there may
8 be difficulty in finding an adequate proxy for the growth rate. Historical growth rates can
9 be downward biased as a result of the impact of anemic historical growth rates in
10 earnings, mergers and acquisitions, restructuring, unfavorable regulatory decisions, and
11 even abnormal weather patterns. Further, by placing too much emphasis on the past, the
12 estimation of future growth becomes circular.

13
14 **Q. LET'S TURN TO THE SPECIFIC INPUTS USED IN YOUR DCF MODELS.**
15 **WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND**
16 **YIELD (CF_1/P_0) IN YOUR MODELS?**

17 A. First, I computed a current dividend yield (CF_0/P_0). The expected dividend yield (CF_1/P_0)
18 is the current dividend yield (CF_0/P_0) times one plus the growth rate (g). I used the spot
19 price for each of the stocks of the water utilities in the sample group on as reported by the
20 *Value Line Investment Analyzer* for May 22, 2015 for P_0 . The current dividend (CF_0) is
21 the current indicated dividend as reported by Value Line. In my schedules, the current
22 dividend yield is denoted as (D_0/P_0), where D_0 is the current dividend and P_0 is the spot
23 stock price. (D_1/P_0) is used to denote the expected dividend yield in the schedules.

1 **Q. WHAT MEASURES OF GROWTH (“g”) HAVE YOU USED?**

2 A. I have used two estimates of growth; one based on an average of historical and forecast
3 growth and the other based only on forecast growth. For my average historical and
4 forecast growth estimate, I average the 5-year historical average growth rates in the stock
5 price, book value per share (“BVPS”), earnings per share (“EPS”) and dividends per share
6 (“DPS”) with *Value Line*’s forecast of EPS growth.¹⁶ Using the historical average of
7 growth in price, BVPS, EPS, and DPS is reasonable because investors know that, in
8 equilibrium, common stock prices, BVPS, EPS and DPS will all grow at the same rate and
9 would take information about changes in stock prices and growth in BVPS into account
10 when they price utilities’ stocks. As I stated either, a basic assumption of the DCF model
11 is that the stock price, BVPS, EPS and DPS all grow at the same rate. For my forecast
12 growth estimate, I have used the growth forecasts from *Value Line*.¹⁷

13
14 **Q. WHY DID YOU INCORPORATE AN HISTORICAL GROWTH RATE**
15 **ESTIMATE INTO ONE OF YOUR GROWTH ESTIMATES?**

16 A. Past growth rates may provide a reasonable basis for determining prospective growth
17 rates. Their use assumes the past is a reflection of the future. While I believe the use of
18 historical growth rates gives added recognition to the past, which is already incorporated
19 into analyst estimates of growth, I nevertheless include a version of the DCF that reflects
20 historical growth. I would point out, however, that historical growth rates may not be the
21 best measure for the future. The empirical evidence indicates that analyst estimates of
22 growth are the best measure of growth for use in the DCF for utility stocks.¹⁸

23 ¹⁶ See Schedule D-4.4.

24 ¹⁷ See Schedule D-4.4.

25 ¹⁸ David A. Gordon, Myron J. Gordon and Lawrence I. Gould, *Choice Among Methods of Estimating*
26 *Share Yield*, *Journal of Portfolio Management* (Spring 1989) 50-55. Gordon, Gordon and Gould found
that a consensus of analysts’ forecasts of earnings per share growth for the next five years provides a more
accurate estimate of growth required in the DCF model than three different historical measures of growth
(historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense

1 Q. WHY DID YOU USE FORECASTED GROWTH RATES IN YOUR GROWTH
2 ESTIMATES?

3 A. The DCF model requires estimates of growth that investors expect in the future and not
4 past estimates of growth that have already occurred. Accordingly, I use analysts'
5 forecasts of growth. Logically, in estimating future growth, financial institutions and
6 analysts have taken into account all relevant historical information on a company as well
7 as other more recent information.¹⁹ To the extent that past results provide useful
8 indications of future growth prospects, analysts' forecasts would already incorporate that
9 information. In addition, a stock's current price reflects known historic information on
10 that company, including its past earnings history. Any further recognition of the past will
11 double count what has already occurred. Therefore, forward-looking growth rates should
12 be used.

13
14 D. Explanation of the RPM and Its Inputs
15

16 Q. PLEASE EXPLAIN THE RPM METHODOLOGY FOR ESTIMATING THE
17 COST OF EQUITY.

18 A. The RPM is sometimes referred to as the "bond yield plus risk premium method". The
19 general approach is to determine the spread between the return on debt and the return on
20 equity and add this spread to the current debt yield to derive an estimate of the cost of
21 equity. To implement the RPM, it is assumed that the past relationship will continue into
22 the future. The RPM is widely used by analysts and investors.²⁰

23 The RPM formula provides a formal risk-return relationship and is stated as:
24

25 because analysts would take into account such past growth as indicators of future growth as well as any
26 new information.

¹⁹ Gordon, Gordon, and Gould.

²⁰ Morin, Roger A., *New Regulatory Finance*, Public Utility Reports, Inc. (2006) at 108.

1 (6) $k = K_d + \text{Historical bond-equity spread}$

2 where k is the expected return on equity and K_d is the current cost of debt or debt yield.

3
4 **Q. HOW DID YOU DETERMINE THE HISTORICAL BOND-EQUITY SPREAD?**

5 A. I computed the bond-equity spread as the difference between the average total realized
6 market return of my water proxy group and the average annual long-term treasury yields
7 for the years 1999-2014 - a 16-year historical period.²¹

8
9 **Q. WHY DID YOU USE TOTAL REALIZED MARKET RETURNS?**

10 A. Total realized market returns are market based which makes this approach a market-based
11 approach. While the annual actual risk premium in any given year may not equal the
12 required risk premium, over longer periods of time, the average actual risk premiums can
13 provide a good estimate of the average risk premium required.

14
15 **Q. WHAT DO YOU USE AS THE CURRENT COST OF DEBT (K_d)?**

16 A. I use the expected U.S. Long-term Treasury rate for 2016-2018 serves as the basis for the
17 risk free rate. Since the cost of capital is an opportunity cost and is prospective, it
18 necessarily requires the use of a forward-looking bond yield. In recent years, interest rates
19 have dropped to very low levels when compared to interest rates for similar securities in
20 the past. From 1999 to 2007, the annual average rates for long-term Treasury bonds was
21 5.24 percent ranging from a low of 4.84 percent in 2007 to a high of 5.94 in 2000. In
22 2008, and during the recent recession, that annual average dropped to 4.24 percent and
23 dropped further in 2012 to 2.9 percent.

24 The drop in long-term treasury rates has been largely attributed to the market
25 intervention by the Federal Reserve through its quantitative easing programs. Long-term

26 ²¹ See Schedule D-4.9.

1 Treasury rates for 2013 and 2014 averaged 3.45 percent and 3.34 percent, respectively.
2 For the first 5 months of 2015, long-term Treasury rates have averaged 2.64 percent. The
3 Federal Reserve is expected begin raising interest rates towards the end of this year, and
4 as early as September. Notwithstanding these current low rates, 30-year Treasury rates
5 are expected to bounce back up in 2016-2018 timeframe. Analysts at *Value Line* expect
6 that future average to be 4.1 percent. The consensus estimate made by analysts surveyed
7 by the *Blue Chip Financial Forecasts* indicates analysts expect that average to be higher
8 at 4.2 percent. For my analyses, I have relied upon the average of *Value Line Quarterly*
9 *Forecast* forecasts and the consensus forecast reported by *Blue Chip Financial Forecasts*
10 of 4.2 percent.²²

11
12 **Q. WHY DO YOU USE LONG-TERM U.S. TREASURY YIELDS?**

13 A. The yields on long-term Treasury bonds match more closely with the perpetual nature of
14 common stock investments.²³ Further, short-term rates are more volatile, fluctuate widely
15 and are subject to more random disturbances than long-term rates. In short, long-term
16 Treasury rates are preferred for these reasons and because long-term rates are more
17 appropriately matched to securities with an indefinite life or long-term investment
18 horizon.

19
20 **E. Explanation of the CAPM and Its Inputs**

21
22 **Q. PLEASE EXPLAIN THE CAPM METHODOLOGY FOR ESTIMATING THE**
23 **COST OF EQUITY.**

24 A. Like the RPM, the CAPM is the sum of a risk-free rate plus a risk premium. And, like the

25
26 ²² See Schedule D-4.8.

²³ Morin at 112.

1 RPM, it quantifies the additional return required by investors for bearing incremental risk.
2 The CAPM was developed by William Sharpe and John Lintner in the mid-1960's and is a
3 common topic in college finance textbooks. The CAPM provides a formal risk-return
4 relationship premised on the idea that only market risk matters, as measure by beta. The
5 traditional version of CAPM is represented by the formula:

$$6 \quad [9] \quad k = R_f + \beta(R_m - R_f)$$

7 where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market
8 return, $(R_m - R_f)$ is the market risk premium, and β is beta.

9
10 **Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE CAPM MODEL TO**
11 **UTILITY STOCKS?**

12 A. Yes. I have concerns with using this model in most periods because mechanical
13 application of the model may produce unreasonable results. The traditional CAPM only
14 captures a single measure of systematic risk as measured by beta, but there are other forms
15 of systematic risk priced by the market such as company size. A size premium is
16 necessary because, even after adjusting for the beta risk of small stocks, they generally
17 outperform larger stocks. Size may just be a proxy for other risks. Nevertheless, the
18 empirical evidence indicates that beta alone does not measure the risk of smaller
19 companies.²⁴

20
21 **Q. ARE THERE ALTERNATIVES TO THE TRADITIONAL CAPM?**

22 A. Yes, alternative versions of the CAPM have been developed that provide more robust
23 explanations of returns required by investors. A version of the CAPM called the
24 Empirical CAPM or ECAPM was developed to recognize that estimations of R_f is higher
25 than the return on long-term Treasuries. Dr. Roger Morin discusses ECAPM at pages

26 ²⁴ Duff & Phelps at 2-5.

189-191 of his book, New Regulatory Finance. The ECPAM is represented as follows:

$$[10] \quad k = R_f + .25(R_m - R_f) + .75\beta(R_m - R_f)$$

Duff & Phelps suggest a version of the CAPM in which a size premium is included.²⁵ This modified CAPM ("MCAPM") is represented as follows:

$$[11] \quad k = R_f + \beta(R_m - R_f) + RP_s$$

where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market return, $(R_m - R_f)$ is the market risk premium, β is beta, and RP_s is the size premium. The MCAPM recognizes the CAPM is incomplete and does not fully account for the higher returns that are needed on small company stocks. In other words, the higher risks associated with smaller firms are not fully accounted for by beta.²⁶

Q. IS FIRM SIZE A UNIQUE RISK?

A. No. The firm size is a systematic risk factor and is an adjustment to the pure CAPM.²⁷ Putting aside the empirical financial data, the need for a risk premium for size makes sense. Company size is a significant element of business risk for which investors expect to be compensated through greater returns. Smaller companies are simply less able to cope with significant events that affect sales, revenues, and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small company than on a much larger company with a larger, more diverse, customer base. Moreover, smaller companies are generally less diverse in their operations and have less financial flexibility.

²⁵ Duff & Phelps at 2-7.

²⁶ *Morningstar, Ibbotson SBBI 2013 Valuation Yearbook*, pp. 85-88.

²⁷ Shannon P. Pratt and Roger J. Grabowski. *Cost of Capital: Applications and Examples, Fourth Edition*. John Wiley and Sons, 2010, p. 56.

1 Q. DID YOU EMPLOY EITHER OF THESE ALTERNATIVE CAPM METHODS AS
2 PART OF YOUR ANALYSIS?

3 A. No. Instead, I conducted a risk study to develop an indicated additional risk premium for
4 SWC. Based on this study I add a risk premium to the results of each method I use (the
5 DCF, RPM, and the CAPM) as an alternative way of dealing with additional risk
6 associated with SWC. Having said that, these two methods would produce an indicated
7 cost of equity for my water proxy group in the range of 9.8 percent to 11.3 percent with a
8 mid-point of 10.6 percent, which is greater than my overall estimate for my water proxy
9 group of 10.1 percent.

10
11 Q. WHAT IS THE RISK-FREE RATE (R_f)?

12 A. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis
13 for the risk-free rate because the yields are directly observable in the market and are
14 backed by the U.S. government. Practically speaking, short-term rates are volatile,
15 fluctuate widely and are subject to more random disturbances than long-term rates. In
16 short, long-term Treasury rates are preferred for these reasons and because long-term rates
17 are more appropriately matched to securities with an indefinite life or long-term
18 investment horizon.

19
20 Q. WHAT DO YOU ADOPT AS THE RETURN FOR THE RISK-FREE RATE?

21 A. I use long-term expected Treasury bond rates as the measure of the risk-free return for use
22 with CAPM cost of equity estimates from two sources: the *Blue Chip Financial Forecasts*
23 and the *Value Line Quarterly Forecast*.²⁸ The appropriate choice for the risk-free rate is
24 the expected return for long-term Treasury securities.²⁹ Thus, when determining an

25
26 ²⁸ See Schedule D-4.9.

²⁹ *Duff & Phelps* at 3-1.

1 estimate of the risk-free rate, it is appropriate to adopt a return that is no less than the
2 expected return on the long-term Treasury bond rate. Both of my CAPM estimates are
3 based on expected yields of the long-term treasury rates for 2016 through 2018 (from *Blue*
4 *Chip Financial Forecasts* and *Value Line Quarterly Forecasts*).³⁰ The 2016 to 2018
5 timeframe is the period when new rates will be in effect for the Company.
6

7 **Q. WHAT IS BETA AND WHAT DOES IT MEASURE?**

8 A. Beta is a measure of the relative risk of a security in relation to the market. In other
9 words, it is a measure of the sensitivity of a security to the market as a whole. This
10 sensitivity is also known as systematic risk. It is estimated by regressing a security's
11 excess returns against a market portfolio's excess returns. The slope of the regression line
12 is the beta.

13 Beta for the market is 1.0. A security with a beta greater than 1.0 is considered
14 riskier than the market. A security with a beta less than 1.0 is considered less risky than
15 the market.

16 There are computational problems surrounding beta. It depends on the return data,
17 the time period used, its duration, the choice of the market index, and whether annual,
18 monthly, or weekly return figures are used. Betas are estimated with error. Based on
19 empirical evidence, high betas will tend to have a positive error (risk is overestimated) and
20 low betas will have a negative error (risk is underestimated).³¹
21

22 **Q. WHAT DID YOU USE AS THE PROXY OF THE BETA FOR SWC?**

23 A. I used the average beta of the sample water utility companies. Betas were obtained from
24 *Value Line Investment Analyzer* (weekly data as of May 14, 2015). *Value Line* is the

25 ³⁰ See Schedule D-4.8.

26 ³¹ Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence,"
Journal of Economic Perspectives (Summer 2004) 25-46.

1 source for estimated betas that I regularly employ. The average beta for my water proxy
2 group as shown on Schedule D-4.2 is 0.74. I should note that because SWC is not
3 publicly traded, SWC has no beta. In my expert opinion, I strongly believe that SWC, if it
4 were publicly traded, would have a higher beta than the sample water utility companies.
5

6 **Q. WHY WOULD SWC HAVE A HIGHER BETA?**

7 A. As previously indicated, smaller companies are inherently more risky than larger
8 companies. *Morningstar* reports that when betas (a measure of market risk) are properly
9 estimated, betas are greater for small companies than for larger companies.³² *Morningstar*
10 also finds that even after accounting for differences in beta risk, small firms require an
11 additional risk premium over and above the added risk premium indicated by differences
12 in beta risk.
13

14 **Q. PLEASE EXPLAIN THE MARKET RISK PREMIUM.**

15 A. The market-risk premium ($R_m - R_f$) is the return an investor expects to receive as
16 compensation for market risk. It is the expected market return minus the risk-free rate.
17 Approaches for estimating the market risk premium can be historical or prospective.

18 Since expected returns are not directly observable, historical realized returns are
19 often used as a proxy for expected returns on the basis that the historical market risk
20 premium follows what is known in statistics as a "random walk." If the historical risk
21 premium does follow the random walk, then one should expect the risk premium to
22 remain at its historical mean. Based on this argument, the best estimate of the future
23 market risk premium is the historical mean. *Duff & Phelps* provides historical market
24 returns for various asset classes from 1926 to 2014. This publication also provides market
25 risk premiums over U.S. Treasury bonds, which make it an excellent source for historical
26

³² *Ibbotson SBI 2012 Valuation Yearbook*, Morningstar, Chapter 7.

1 market risk premiums.

2 Prospective market risk premium estimation approaches necessarily require
3 examining the returns expected from common equities and bonds. One method employs
4 applying the DCF model to a representative market index such as the *Value Line* 1700
5 stocks. The expected return from the DCF is measured for a number of periods of time,
6 and then subtracted from the prevailing risk-free rate for each period to arrive at market
7 risk premium for each period. The market risk premium subsequently employed in the
8 CAPM is the average market risk premium of the overall period.

9
10 **Q. HOW MANY MARKET RISK PREMIUM ESTIMATES DID YOU PREPARE IN**
11 **CONNECTION WITH YOUR ASSIGNMENT FOR SWC?**

12 A. I used two market risk premium estimates: An historical market risk premium and a
13 current market risk premium.

14
15 **Q. HOW DID YOU ESTIMATE THE HISTORICAL MARKET RISK PREMIUM?**

16 A. I used the *Duff & Phelps* measure of the average premium of the market over long-term
17 treasury securities from 1926 through 2014, which uses the S&P 500 market index. The
18 average historical market risk premium over long-term treasury securities is 7.0 percent.

19
20 **Q. IS THE S&P 500 INDEX A LARGE COMPANY INDEX?**

21 A. Yes. The S&P 500 consists of the 500 largest companies and only approximately 20
22 percent of the S&P 500 would be considered Mid-Cap companies. Further, there are no
23 companies in the Low-Cap or Micro-Cap categories. Because it is heavily weighted with
24 Large-Cap companies, the S&P 500 is essentially a large company index. *Morningstar*
25 refers to the S&P 500 as a large company index and cautions that "if using a large
26 company index to calculate the equity risk premium, an adjustment is usually needed to

1 account for the different risk and return characteristics of small stocks.”³³

2
3 **Q. HOW DID YOU ESTIMATE THE CURRENT MARKET RISK PREMIUM?**

4 A. I derived a market risk premium by, first, using the DCF model to compute an expected
5 market return for each of the past 12 months using *Value Line*’s projections of the median
6 dividend yield for the dividend yield in the DCF and an average of the median EPS, DPS
7 and BVPS growth on the *Value Line* 1700 stocks. I then subtracted the historical monthly
8 average 30-year Treasury yield for each month from the expected market returns to arrive
9 at the expected market risk premiums. Finally, I averaged the computed market risk
10 premiums to determine the current market risk premium for the last 12 months, 9 months,
11 6 months, and 3 months. The data and computations are shown on Schedule D-4.10. The
12 recent 3 month average current market risk premium is 9.25 percent. Estimates of the
13 current market risk premium have ranged from 8.5 percent to 9.7 percent over the past 12
14 months. My recommended market risk premium is based on the recent 3-month average
15 estimate of 9.25 percent and is well within the past 12-month range.

16
17 **F. Financial Risk Adjustment**

18
19 **Q. ARE YOU RECOMMENDING A FINANCIAL RISK ADJUSTMENT TO**
20 **ACCOUNT FOR DIFFERENCES IN LEVERAGE BETWEEN YOUR WATER**
21 **PROXY GROUP AND SWC?**

22 A. Yes. I have included a downward financial risk adjustment to the cost of equity of 40 basis
23 points based upon the Hamada method³⁴ to account for the difference in financial risk
24

25 ³³ *Morningstar, 2014 Ibbotson SBBI 2014 Classic Yearbook, p. 152.*

26 ³⁴ “Effects of the Firm’s Capital Structure on Systematic Risk of Common Stock,” *Journal of Finance*,
Vol. 27 No. 2 (May 1972) 435 – 453.

1 between SWC and the water proxy group.³⁵

2
3 **G. Company Specific Risk Premium**

4
5 **Q. PLEASE DISCUSS YOUR COMPANY-SPECIFIC RISK PREMIUM.**

6 A. As I testified earlier, SWC is not directly comparable to the publicly traded water utilities
7 in my water proxy group. The characteristics associated with small size, such as the lack
8 of diversification, limited revenue and cash flow, relatively small customer base, lack of
9 investment liquidity, and earnings volatility, increase the smaller water and wastewater
10 utilities over the risk associated with the water proxy group.

11
12 **Q. PLEASE DISCUSS SIZE RISK FOR SMALL UTILITY COMPANIES.**

13 A. Investment risk increases as the firm size decreases, all else remaining constant. There is
14 a great deal of empirical evidence that the firm size phenomenon exists. Morningstar's
15 *Ibbotson SBBI 2013 Valuation Yearbook* (Chapter 7) reports that smaller companies have
16 experienced higher returns that are not fully explainable by their higher betas and that beta
17 is inversely related to company size. In other words, smaller companies not only have
18 higher betas but higher returns than larger ones. Even after accounting for differences in
19 beta risk, small companies require an additional risk premium over and above the added
20 risk premium indicated by differences in beta risk. Dr. Zepp also reported evidence that
21 the stocks of small water or wastewater utilities are more risky than the stocks of larger
22 water utilities, such as those in the water utilities sample.³⁶ Even the California PUC
23 conducted a study that showed smaller water utilities are more risky than larger ones.³⁷

24
25 ³⁵ See Schedule D-4.14.

26 ³⁶ Thomas M. Zepp, *Utility Stocks and the Size Effect – Revisited*, *The Quarterly Review Economics and Finance*, Vol. 43, Issue 3, Autumn 2003, 578-582.

³⁷ Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

1 Based on the evidence, it is clear that investors require higher returns on small company
2 stocks than on large company stocks. I have included in Schedule D-4.15 the results of a
3 *Morningstar* study using annual data reporting the size premium based upon firm size and
4 return data (i) provided in Duff & Phelps 2015 *Valuation Handbook, Guide to Cost of*
5 *Capital*, and (ii) contained in Dr. Thomas M. Zepp's 2003 article in *The Quarterly Review*
6 *Economic and Finance*. Based on these sources, I have estimated that a small company
7 risk premium in the range of 99 to 367 basis points is appropriate for SWC.

8
9 **Q. HAVE YOU CONDUCTED A COMPARATIVE RISK STUDY TO DEVELOP AN**
10 **INDICATED RISK PREMIUM FOR SWC OVER THE WATER PROXY GROUP**
11 **COST OF EQUITY?**

12 A. Yes. Attached as Exhibit TJB-COC-DT-2 is the risk study I prepared. To conduct my risk
13 study, I started by computing the 5-year historical operating margin, coefficient of
14 variation of operating margin, coefficient of variation of ROE. Operating margin is a
15 measure of profitability. The co-efficient of variation of operating margin is a measure of
16 earnings variability. Both of these metrics are highly correlated with size and risk. Next,
17 I cross-referenced these metrics with data published by *Duff & Phelps*³⁸ and identified the
18 corresponding market portfolio beta for SWC and for my water proxy group. I then
19 computed the relative difference in beta between SWC and my proxy group. Assuming
20 that the relative difference in the market portfolio beta for the all publicly traded
21 companies is the same for small publicly traded water utilities, I then computed an implied
22 beta for SWC using the difference in portfolio betas.³⁹ Finally, I used the CAPM to
23 compute the indicated cost of equity for SWC and compared the results to the CAPM
24 results for my water proxy group.⁴⁰

25 ³⁸ *Duff & Phelps*, Exhibits D-1, and D-2.

26 ³⁹ See page 1 of the Exhibit TJB-COC-2.

⁴⁰ See page 2 of the Exhibit TJB-COC-2.

1 Q. **BASED ON YOUR COMPARATIVE RISK STUDY WHAT ADDITIONAL RISK**
2 **PREMIUM IS INDICATED?**

3 A. The indicated risk premium for SWC is in the range of 130 to 180 basis points which falls
4 in the range of small company risk premiums based two other sources of data discussed
5 above.

6
7 Q. **WHAT COMPANY SPECIFIC-RISK PREMIUM DO YOU RECOMMEND FOR**
8 **SWC?**

9 A. To be conservative, I add an upward risk premium of 100 basis points to the results of my
10 models, which is at the bottom end of the range of my risk premium estimates. I
11 computed a 40 basis point downward adjustment to reflect the difference in financial risk
12 between SWC and the water proxy group. In effect, the net upward adjustment to the
13 indicated cost of equity is 60 basis points (100 basis points less 40 basis points). That said
14 my recommended 10.5 percent return on equity is 40 basis points above the midpoint of
15 the overall results for the water proxy group of 10.1 percent.

16
17 H. **Summary and Conclusions**

18
19 Q. **HAVE YOU PREPARED A SCHEDULE THAT SUMMARIZES YOUR EQUITY**
20 **COST ESTIMATES AND PRESENTS YOUR RECOMMENDATIONS?**

21 A. Yes. The equity cost estimates and my recommendations are summarized in Schedule D-
22 4.1.

23 In the first part of my analysis, I applied two versions of the constant growth DCF
24 model; one using historical and forecast growth and one using only forecast growth. The
25 DCF models produce an indicated equity cost for the water proxy group in the range of
26

1 9.4 percent to 9.7 percent.⁴¹

2 In the second part of my analysis, I applied a risk premium model. I used
3 historical annual total market returns for the water proxy group and historical average
4 annual average long-term treasury yields to develop an equity risk premium to which I
5 added the expected long-term treasury to estimate the current cost of equity. My risk
6 premium model produces an indicated cost of equity of 10.6 percent for the water proxy
7 group.⁴²

8 In the third part of my analysis, I applied two versions of the CAPM – a historical
9 risk premium CAPM and a current market risk premium CAPM. The CAPM analyses
10 produce an indicated cost of equity in the range of 9.4 percent to 11.0 percent for the
11 water proxy group.⁴³

12 The overall results on the DCF, CAPM, and RPM analyses for the water proxy
13 group are in the range of 9.8 percent to 10.4 percent with a mid-point of 10.1 percent.

14 In the fourth part of my analysis, I determine that a downward adjustment of 40
15 basis points is required to account for the difference in financial risk between the water
16 proxy group and SWC.

17 In the fifth part of my analysis, I reviewed the financial literature on the small firm
18 size effect and determined that an appropriate risk premium for small utilities like SWC
19 that should be applied to the DCF, RPM, and CAPM results is the range of 99 to 367 basis
20 points.⁴⁴

21 In the sixth part of my analysis, I conducted a comparative risk study using market
22 based information and determined the indicated risk premium for SWC falls in the range
23 of 130 to 180 basis points.⁴⁵ To be conservative, I recommend a risk premium of 100

24 ⁴¹ See Schedule D-4.7, pages 1 and 2.

25 ⁴² See Schedule D-4.9.

26 ⁴³ See Schedule D-4.11.

⁴⁴ See Schedule D-4.12.

⁴⁵ See Exhibit TJB-COC-2 and Schedule D-4.12.

1 basis points. Using my recommended risk premium of 100 basis points the additional risk
2 premium, the DCF models produce an indicated equity cost for SWC in the range of 10.4
3 percent to 10.7 percent. My risk premium model produces an indicated cost of equity of
4 11.6 percent for SWC. My CAPM analyses produce an indicated cost of equity in the
5 range of 10.8 percent to 11.4 percent for SWC. After adjusting for the difference in
6 financial risk, the range of cost of equity estimates falls in the range of 10.4 to 11.0
7 percent with a midpoint of 10.7 percent.⁴⁶

8
9 **Q. WHAT EQUITY RETURN DO YOU RECOMMEND?**

10 A. I am recommending a cost of equity of no less than 10.5 percent.

11
12 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY ON COST OF**
13 **CAPITAL?**

14 A. Yes.

15
16
17
18
19
20
21
22
23
24
25
26

⁴⁶ See Schedule D-4.1.

Exhibit TJB-COC-DT-1

INDUSTRY TIMELINESS: 64 (of 97)

The Water Utility Industry consists almost exclusively of regulated water companies. Thus, these utilities are monopolies in the markets where they operate, but state regulators establish the returns that can be earned on their investments.

California is in the midst of an historic drought. Three utilities in this industry have a major presence in the state. Due, in part, to reasonable regulation, these conditions have not had a meaningful impact on any of the companies.

The water infrastructure in the United States is in need of a major overhaul. Capital improvements have been deferred by just about every water system for years, if not decades. Large sums of money will be required to remove and replace old pipeline distribution systems.

Consolidation should continue to occur as small, cash-strapped, municipally-run water districts sell themselves to large investor-owned companies that have access to the funds needed to modernize systems.

Yield spreads continue to tighten between water utility stocks and the median dividend yield for equities that do distribute income to shareholders.

California's Historic Drought

Several years into a severe lack of rain and mountain snow, the state is in the midst of a severe water shortage. Governor Brown recently mandated that residents reduce water consumption by 25%. How is this situation effecting water utilities operating there? Surprisingly, the three company's in this issue that distribute water in the Golden State, *American States Water*, *California Water*, and *SJW*, have not really been negatively impacted in a meaningful way. We believe constructive regulation by the California Public Utilities Commission (CPUC) is the reason why. In what is not typically identified as a business-friendly state, the CPUC has acted prudently in getting utilities on board in helping to reduce water consumption. Usually, the more water a company sells, the higher the profits it can generate. Conversely, when demand declines, revenues and profits decrease. Thus, it is not in the best interest of water utilities to help curtail demand. The CPUC has resolved this conflict by using a mechanism called "decoupling." Basically, this allows water companies to promote less water usage without their bottom lines taking a bit hit.

An Aging Water Infrastructure

America's water distribution is in terrible shape. This is the result of years of deferring much needed maintenance and modernization. Both investor- and municipally-owned systems are now faced with burdensome construction budgets. Unfortunately, many of the over 50,000 domestic water districts do not have the financial wherewithal to fund the required improvements. As a result, the large companies in this sector have been on acquisition sprees. Instead of making one or two substantial takeovers, most of the purchases are of the tuck-in variety. Because this is one industry that is filled with redundancies, synergies can actually be achieved that help to fuel earnings growth.

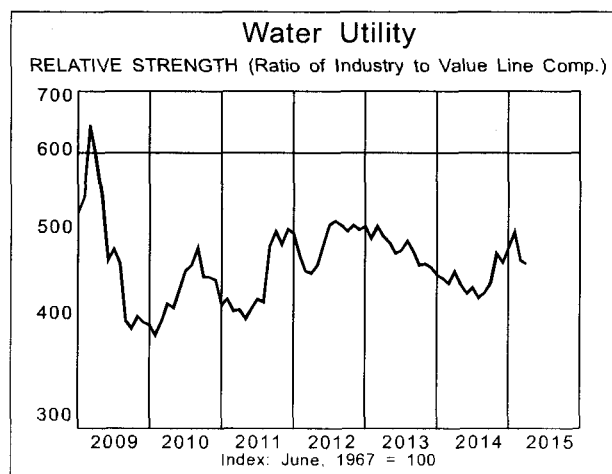
External Financing Will Be Required

To finance the projected capital outlays, water utilities will be forced to issue new debt and equity. Currently, most of these companies have decent balance sheets. (Not one equity in the group has a Financial Strength rating lower than a B+.) Over the next three- to five-year period, we expect the financial metrics of the industry to decline somewhat. Still, there doesn't appear to be any one utility that is expected to become highly leveraged during this period. Much of this is due to relatively constructive state regulatory commissions. Unlike electric utilities, which have been dealt some harsh rulings in the past, in general, authorities have been fair to the water sector. This is probably due to the differences in the industries. Digging up and replacing old pipes is more of a pay as you go operation, whereas, electric utilities sometimes have to spend hundreds of million of dollars on a plant that when finished, could result in huge increases in homeowners monthly bills.

Conclusion

The water utility industry has many positive attributes. State regulators are reasonable, the group has relatively solid finances, earnings are well defined and they don't face market risk that nonregulated industries do because of their monopoly status. However, almost all of the good news appears to be reflected in many of the utilities' stock prices. Out of nine companies, only *American States Water* is ranked to do better than the broader market averages in the year ahead. Moreover, the dividend yields on these stocks are much closer currently than in the past to the yield of the median stock that pays a dividend in the *Value Line* universe. This probably is due to the steep decline in interest rates that has occurred in the U.S. over the past several years. Low bond yields seem to have driven many income-oriented investors into the equity markets. All of this money chasing income has brought down the yield on water utilities, relative to the average stock. Currently, the yield of a typical water utility equity is only about 60 to 65 basis points higher than the average stock. This spread is very low, on an historical basis.

James A. Flood



--	--

	Target Price Range
	2018 2019 2020
	80
	60
	50
	40
	30

TOT RETURN 3/15

THIS STOCK	VL ARITH.* INDEX
26.7	7.7
139.9	57.2
165.6	94.5

VALUE LINE PUB. LLC	18-20
Revenues per sh	15.35
"Cash Flow" per sh	3.70
Dividends per sh ^A	2.15
Dividend Decl'd per sh ^B	1.12
Cap Spending per sh	2.40
Book Value per sh	15.45
Common Shs Outst'g ^C	37.50
Ann'l P/E Ratio	20.5
Active P/E Ratio	1.30
Ann'l Div'd Yield	2.7%

Revenues (\$mill)	575
Profit (\$mill)	80.0
Income Tax Rate	38.0%
DOC % to Net Profit	2.0%
Long-Term Debt Ratio	42.0%
Common Equity Ratio	58.0%
Capital (\$mill)	1070

Plant (\$mill)	1240
rn on Total Cap'l	8.5%
rn on Shr. Equity	13.0%

Return on Com Equity	13.0%
Attributed to Com Eq	6.0%

Div'ds to Net Prof	52%
--------------------	-----

of San Bernardino County. (6/11). Has 707 employees. Rates; Vanguard, 8.5%; off. & Syd Ross. President & CEO: East Foothill Boulevard, San Internet: www.aswater.com.

usually, the region. Usually, the region translates into a specific interest, making the region's interest. In a similar way, GSWC is also not result in it not

...t, as many other

that a 5% divi-
sustainable over
period. Though
vels, the expected
ayout is not far off
th the help from

we think there is
figure.
es do not stand
- or long-term
e. The stock's
nated much of its

the city of Big Bear Lake and in areas of San Bernardino County. Sold Chaparral City Water of Arizona (6/11). Has 707 employees. Blackrock, Inc., owns 9.8% of out. shares; Vanguard, 8.5%; off. & dir. 1.5%. (4/15 Proxy). Chairman: Lloyd Ross. President & CEO: Robert J. Sprowls. Inc. CA: Addr: 630 East Foothill Boulevard, San Dimas. CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.

dustry in response to the record-breaking drought now plaguing the region. Usually, a decrease in water usage translates into reduced revenues for a utility, making conservation almost not in their interest. In a process known as decoupling, GSWC is allowed to structure fees that result in it not being penalized to incentivize households to use less water. Indeed, over the past six years, water usage has declined 16%-17%. Moreover, California permits utilities to collect increased expenses as they are incurred, not after the fact, as many other state regulators require.

Management believes that a 5% dividend growth rate is sustainable over the next 3- to 5-year period. Though this is below historical levels, the expected increase in the annual payout is not far off the industry average. With the help from nonregulated businesses, we think there is potential upside to this figure.

American Water shares do not stand out for either short- or long-term potential performance. The stock's strong showing has eliminated much of its attractiveness.

April 17, 2015

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	70
Earnings Predictability	85

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**VALUE
LINE**

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4¢); '01, 2¢; '02, 4¢; '11, 4¢. Next earnings report due mid-May. (B) Dividends historically paid in late Feb., May, Aug., and Nov. ■	Div'd reinvestment plan available. (C) Incl. intangible assets. In '14 : \$7.3 mill., \$0.15/sh. (D) In millions, adjusted for splits.	(E) Excludes non-reg. rev.	Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability	B++ 95 40 90
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CONNECTICUT WATER NDQ-CTWS										RECENT PRICE	36.82	P/E RATIO	18.7	(Trailing: 19.2 Median: 22.0)	RELATIVE P/E RATIO	0.97	DIV'D YLD	2.9%	VALUE LINE										
TIMELINESS	3	Lowered 11/21/14	High: 29.8	28.2	27.7	25.6	29.0	26.4	27.9	29.1	32.8	36.4	37.5	38.6					Target Price Range	2018	2019	2020							
SAFETY	3	New 1/18/13	Low: 23.8	21.9	20.3	22.4	19.3	17.3	20.0	23.3	26.2	27.8	31.0	35.1															
TECHNICAL	2	Raised 3/27/15	LEGENDS 1.30 x Dividends p sh divided by Interest Rate Relative Price Strength Options: No Shaded area indicates recession																										
BETA	.65	(1.00 = Market)	2018-20 PROJECTIONS Price 50 Gain (+35%) Ann'l Total Return 10% High 35 Low 2%										Insider Decisions M J J A S O N D J to Buy 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 0 0 0																
Institutional Decisions 202014 3Q2014 4Q2014 to Buy 40 50 36 to Sell 32 34 46 Hld's(000) 4304 4299 4296										Percent shares traded 12 8 4										% TOT. RETURN 3/15 THIS STOCK VS. ARITH. INDEX 1 yr. 9.5 7.7 3 yr. 40.9 57.2 5 yr. 84.5 94.5									
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC 18-20											
5.87	5.70	5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93	7.65	7.93	9.47	8.29	8.45	8.75	9.00	Revenues per sh	12.50										
1.65	1.73	1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	2.11	2.64	2.63	3.00	3.20	3.35	"Cash Flow" per sh	3.60										
1.03	1.09	1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.13	1.53	1.66	1.92	2.00	2.10	Earnings per sh A	2.25										
.79	.79	.80	.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	.98	1.01	1.05	1.09	Div'd Decl'd per sh B	1.30										
1.42	1.43	1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28	3.06	2.61	2.79	3.02	4.11	4.60	4.15	Cap'l Spending per sh	2.85										
8.61	8.92	9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67	13.05	13.50	20.95	17.92	18.84	20.10	21.15	Book Value per sh D	24.15										
7.26	7.28	7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	8.76	8.85	11.04	11.12	11.20	11.35	Common Shs Outst'g C	12.00										
18.2	18.2	21.5	24.3	23.5	22.9	28.6	29.0	23.0	22.2	18.4	20.7	23.0	19.4	18.4	17.7	17.7	17.7	Avg Ann'l P/E Ratio	19.0										
1.04	1.18	1.10	1.33	1.34	1.21	1.52	1.57	1.22	1.34	1.23	1.32	1.44	1.23	1.03	.93	.93	.93	Relative P/E Ratio	1.20										
4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	3.6%	3.2%	3.2%	3.0%	3.0%	3.0%	Avg Ann'l Div'd Yield	2.8%										
CAPITAL STRUCTURE as of 12/31/14 Total Debt \$181.0 mill. Due in 5 Yrs \$19.3 mill. LT Debt \$176.6 mill. LT Interest \$7.0 mill. (Total interest coverage: 4.4x)										47.5	46.9	59.0	61.3	59.4	66.4	69.4	83.8	91.5	94.0	98.0	102	Revenues (\$mill)	150						
(46% of Cap'l)										7.2	6.7	8.8	9.4	10.2	9.8	9.9	13.6	18.3	21.3	23.0	24.0	Net Profit (\$mill)	27.0						
Leases, Uncapitalized: Annual rentals \$.1 mill. Pension Assets-12/14 \$61.6 mill. Oblig. \$79.8 mill.										--	23.5%	32.4%	27.2%	19.5%	35.2%	41.3%	32.0%	28.0%	14.5%	18.0%	19.5%	Income Tax Rate	30.0%						
Pfd Stock \$0.8 mill. Pfd Divd NMF										--	--	--	1.7%	--	--	--	1.7%	2.0%	2.4%	2.5%	AFUDC % to Net Profit	2.0%							
Common Stock 11,152,627 shs. as of 3/1/15 MARKET CAP: \$400 million (Small Cap)										44.9%	44.4%	47.8%	46.9%	50.6%	49.5%	53.2%	49.0%	46.9%	45.7%	45.5%	47.5%	Long-Term Debt Ratio	47.5%						
CURRENT POSITION (\$mill.)										54.6%	55.1%	51.8%	52.7%	49.1%	50.2%	46.5%	50.8%	52.9%	54.2%	54.5%	52.5%	Common Equity Ratio	52.5%						
Cash Assets	13.2	18.4	2.5							172.3	174.1	193.2	196.5	221.3	225.6	254.2	364.6	373.6	386.8	420	455	Total Capital (\$mill)	550						
Accounts Receivable	11.5	12.3	12.0							247.7	268.1	284.3	302.3	325.2	344.2	362.4	447.9	471.9	506.9	535	560	Net Plant (\$mill)	675						
Other	11.7	16.2	21.7							5.0%	4.9%	5.5%	5.9%	5.5%	5.4%	4.9%	4.8%	5.9%	6.4%	6.5%	6.5%	6.5%	Return on Total Cap'l	6.0%					
Current Assets	36.4	46.9	36.2							7.5%	6.9%	8.7%	9.0%	9.3%	8.6%	8.3%	7.3%	9.2%	10.2%	10.0%	10.0%	10.0%	Return on Shr. Equity	9.5%					
Accts Payable	10.0	10.8	10.0							7.6%	7.0%	8.7%	9.1%	9.4%	8.7%	8.3%	7.3%	9.2%	10.2%	10.0%	10.0%	10.0%	Return on Com Equity	9.5%					
Debt Due	3.0	4.1	4.4							.3%	NMF	1.6%	1.9%	2.3%	1.6%	1.4%	2.8%	3.8%	4.5%	4.5%	4.5%	4.5%	Retained to Com Eq	4.0%					
Other	2.9	7.8	9.2							95%	105%	82%	79%	76%	81%	83%	62%	59%	53%	53%	52%	52%	All Div'ds to Net Prof	58%					
Current Liab.	15.9	22.7	23.6							BUSINESS: Connecticut Water Service, Inc. is a non-operating holding company, whose income is derived from earnings of its wholly-owned subsidiary companies (regulated water utilities). In 2014, 93% of net income was derived from these activities. Provides water services to 400,000 people in 77 municipalities throughout Connecticut and Maine. Acquired The Maine Water Company, January, 2012; Biddeford and Saco Water, December, 2012. Incorporated: Connecticut. Has 265 employees. Chairman/President/Chief Executive Officer: Eric W. Thornburg. Officers and directors own 2.3% of the common stock; BlackRock, Inc. 7.0%; (4/15 proxy). Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Internet: www.ctwater.com.																			
Fix. Chg. Cov.	408%	375%	375%							Connecticut Water Services will be hard-pressed to repeat last year's impressive performance. Share net rose 16% in 2014, thanks mostly to an agreement with regulators regarding a rebate from the IRS. Still, we estimate that the utility can string together two consecutive solid years in 2015 and 2016. Margins are improving as the company is successfully integrating two acquisitions made in 2012. Moreover, the Biddeford and Saco operation in Maine was recently granted a significant rate increase. As a result, we think Connecticut Water can still grow earnings 4%-5% per annum over the next two years.																			
ANNUAL RATES of change (per sh)										Capital expenditures are scheduled to be large in the short term. In addition, to having to replace older pipes (like almost every other water utility), the company has agreed to supply water to two new customers. Funds are being spent to extend the infrastructure in Connecticut to service the town of Mansfield and the University of Connecticut's Storrs campus, which is the size of a small city. Overall, we expect the capital budget to average over \$50 million a year through 2016, which represents a 10% increase over the relatively large outlays made in 2014. Starting in 2017, however, construction should take a breather.																			
Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13	The balance sheet is strong enough to handle the increased spending. The equity-to-total capital ratio will most likely decline from its very healthy level of 54.5% to 52.5% by year-end 2016. Despite the dip, this percentage is high for a water utility.																										
Revenues	4.0%	5.0%	5.5%	Dividend growth prospects have improved. Over the past five- and 10-year periods, the company has only raised its annual payout by 1.5% and 2.0%, respectively. This rate lagged the industry mean by a wide margin. We expect this gap to narrow substantially in the long term. Indeed, dividend hikes through late decade will probably average 4.5%.																									
"Cash Flow"	3.0%	6.5%	5.5%	Shares of Connecticut Water do not hold much appeal at their recent price. Despite having a high yield, the stock is expected to only perform in line with the market averages in the year ahead. Potential returns through late decade are even less attractive.																									
Earnings	2.5%	8.0%	6.5%	James A. Flood April 17, 2015																									
Dividends	1.5%	2.0%	4.5%																										
Book Value	6.0%	8.0%	4.5%																										
Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year																								
	Mar.31	Jun.30	Sep.30	Dec.31																									
2012	18.5	21.3	24.5	19.5	83.8																								
2013	19.7	22.6	27.6	21.6	91.5																								
2014	20.3	25.4	27.6	20.7	94.0																								
2015	21.5	26.5	29.0	21.0	98.0																								
2016	22.5	27.5	30.0	22.0	102.0																								
Cal-endar	EARNINGS PER SHARE A				Full Year																								
	Mar.31	Jun.30	Sep.30	Dec.31																									
2012	.22	.47	.67	.16	1.53																								
2013	.24	.39	.86	.17	1.66																								
2014	.27	.67	.76	.22	1.92																								
2015	.35	.60	.80	.25	2.00																								
2016	.36	.62	.85	.27	2.10																								
Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year																								
	Mar.31	Jun.30	Sep.30	Dec.31																									
2011	.233	.233	.238	.238	.942																								
2012	.238	.238	.2425	.2425	.962																								
2013	.2425	.2425	.2475	.2475	.98																								
2014	.2475	.2475	.2575	.2575	1.01																								
2015	.2575																												

(A) Diluted earnings. Next earnings report due mid-May. Quarterly earnings do not add in 2012 due to rounding.
 (B) Dividends historically paid in mid-March.
 (C) In millions, adjusted for split.
 (D) Includes intangibles. In 2014: \$31.7 mil.

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Company's Financial Strength B+
 Stock's Price Stability 85
 Price Growth Persistence 50
 Earnings Predictability 85

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MIDDLESEX WATER NDQ-MSEX				RECENT PRICE	22.97	P/E RATIO	19.6	(Trailing: 20.3 Median: 21.0)	RELATIVE P/E RATIO	1.02	DIV'D YLD	3.4%	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
TIMELINESS	3	Lowered 4/11/14	High: 21.8	23.5	20.5	20.2	19.8	17.9	19.3	19.4	19.6	22.5	23.7	23.5			Target Price Range	2018	2019	2020																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
SAFETY	2	New 10/21/11	Low: 16.7	17.1	16.5	16.9	12.0	11.6	14.7	16.5	17.5	18.6	19.1	21.6																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
TECHNICAL	2	Raised 4/3/15	<div>LEGENDS</div> <div>120 x Dividends p sh divided by Interest Rate</div> <div>Relative Price Strength</div> <div>3-for-2 split 1/02</div> <div>4-for-3 split 11/03</div> <div>Options: No</div> <div>Shaded area indicates recession</div>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															

SJW CORP. NYSE-SJW

RECENT PRICE **30.62** P/E RATIO **24.3** (Trailing: 12.1 Median: 24.0) RELATIVE P/E RATIO **1.26** DIV'D YLD **2.6%** VALUE LINE

TIMELINESS 4 Lowered 12/19/14
SAFETY 3 New 4/22/11
TECHNICAL 2 Raised 3/27/15
BETA .80 (1.00 = Market)

2018-20 PROJECTIONS
Ann'l Total
High Price 45 Gain (+45%) Return 12%
Low Price 30 (Nil) 2%

Insider Decisions
M J J A S O N D J
to Buy 1 1 0 1 1 0 0 1 0
to Sell 0 0 0 0 0 0 0 1 0
Options 0 0 0 0 0 1 0 0 0

Institutional Decisions
2Q2014 3Q2014 4Q2014
to Buy 45 38 49
to Sell 40 45 47
Hld's (000) 10965 10784 10867

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
6.40 6.74 7.45 7.97 8.20 9.14 9.86 10.35 11.25 12.12 11.68 11.62 12.85 14.01 13.73 15.76 14.15 14.05
1.43 1.23 1.49 1.55 1.75 1.89 2.21 2.38 2.30 2.44 2.21 2.38 2.80 2.97 2.90 4.50 3.45 3.55
.87 .58 .77 .78 .91 .87 1.12 1.19 1.04 1.08 .81 .84 1.11 1.18 1.12 2.54 1.35 1.40
.40 .41 .43 .46 .49 .51 .53 .57 .61 .65 .66 .68 .69 .71 .73 .75 .78 .81
1.77 1.89 2.63 2.06 3.41 2.31 2.83 3.87 6.62 3.79 3.17 5.65 3.75 5.67 4.68 5.00 5.00 4.95
7.88 7.90 8.17 8.40 9.11 10.11 10.72 12.48 12.90 13.99 13.66 13.75 14.20 14.71 15.92 17.75 18.30 19.05
18.27 18.27 18.27 18.27 18.27 18.27 18.27 18.28 18.36 18.18 18.50 18.55 18.59 18.67 20.17 20.29 20.50 21.00
15.5 33.1 18.5 17.3 15.4 19.6 19.7 23.5 33.4 26.2 28.7 29.1 21.2 20.4 24.3 11.0 11.0 11.0
.88 2.15 .95 .94 .88 1.04 1.05 1.27 1.77 1.58 1.91 1.85 1.33 1.30 1.37 .58 .58 .58
3.0% 2.1% 3.0% 3.4% 3.5% 3.0% 2.4% 2.0% 1.7% 2.3% 2.8% 2.8% 2.9% 3.0% 2.7% 2.7% 2.7% 2.7%

CAPITAL STRUCTURE as of 12/31/14
Total Debt \$398.2 mill. Due in 5 Yrs \$21.2 mill.
LT Debt \$384.4 mill. LT Interest \$18.1 mill.
(Total interest coverage: 2.9x) (52% of Cap'l)

Leases, Uncapitalized: Annual rentals \$5.5 mill.

Pension Assets-12/14 \$91.4 mill. Oblig. \$128.7 mill.

Pfd Stock None.

Common Stock 20,336,409 shs. as of 2/13/15

MARKET CAP: \$625 million (Small Cap)

CURRENT POSITION 2012 2013 12/31/14 (\$MILL.)

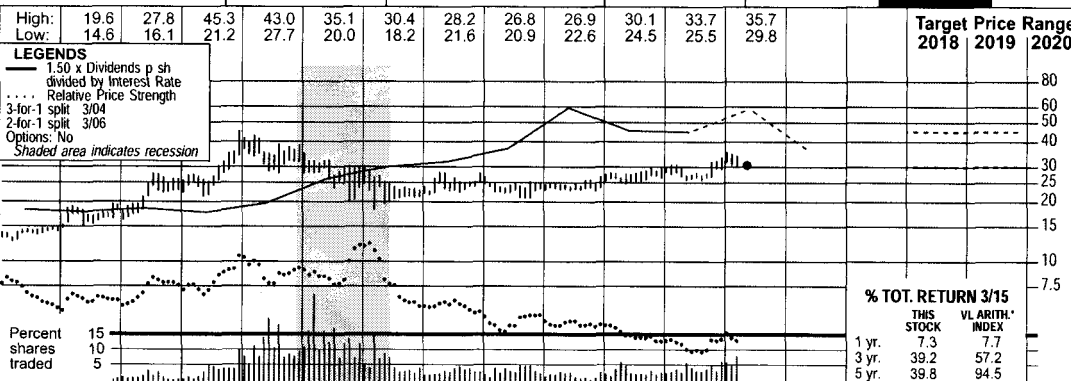
Cash Assets 2.5 2.3 2.4
Other 40.4 37.4 65.7
Current Assets 42.9 39.7 68.1
Accts Payable 8.5 12.6 7.0
Debt Due 20.7 23.0 13.8
Other 19.9 23.6 23.9
Current Liab. 49.1 59.2 44.7
Fix. Chg. Cov. 317% 268% 270%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '11-'13 of change (per sh) to '18-'20
Revenues 5.5% 4.0% 4.0%
"Cash Flow" 6.0% 4.0% 4.5%
Earnings 3.5% 5% 6.5%
Dividends 4.5% 3.5% 5.5%
Book Value 5.5% 2.5% 5.0%

Cal-endar **QUARTERLY REVENUES (\$mill.)** Full Year
Mar.31 Jun.30 Sep.30 Dec.31
2012 51.1 65.6 82.4 62.4 261.5
2013 50.1 74.2 85.2 67.4 276.9
2014 54.6 70.4 125.4 69.3 319.7
2015 56.0 73.0 89.0 72.0 290
2016 57.0 74.0 90.0 74.0 295

Cal-endar **EARNINGS PER SHARE^A** Full Year
Mar.31 Jun.30 Sep.30 Dec.31
2012 .06 .28 .53 .31 1.18
2013 .07 .37 .44 .24 1.12
2014 .04 .34 1.88 .28 2.54
2015 .05 .40 .53 .37 1.35
2016 .05 .40 .57 .38 1.40

Cal-endar **QUARTERLY DIVIDENDS PAID^B** Full Year
Mar.31 Jun.30 Sep.30 Dec.31
2011 .173 .173 .173 .173 .69
2012 .1775 .1775 .1775 .1775 .71
2013 .1825 .1825 .1825 .1825 .73
2014 .1875 .1875 .1875 .1875 .75
2015 .1950



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC		18-20	
8.20	9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	14.15	14.05	Revenues per sh		17.60	
1.75	1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.50	3.45	3.55	"Cash Flow" per sh		3.90	
.91	.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	1.35	1.40	Earnings per sh ^A		1.75	
.49	.51	.53	.57	.61	.65	.66	.68	.69	.71	.73	.75	.78	.81	Div'd Decl'd per sh ^B		1.05	
3.41	2.31	2.83	3.87	6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.00	5.00	4.95	Cap'l Spending per sh		4.90	
9.11	10.11	10.72	12.48	12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	18.30	19.05	Book Value per sh		21.30	
18.27	18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	20.50	21.00	Common Shs Outst'g ^C		23.00	
15.4	19.6	19.7	23.5	33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.0	Bold figures are Value Line estimates				Avg Ann'l P/E Ratio	22.0
.88	1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.30	1.37	.58					Relative P/E Ratio	1.40
3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.7%					Avg Ann'l Div'd Yield	2.8%

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Revenues (\$mill)	405
180.1	189.2	206.6	220.3	216.1	215.6	239.0	261.5	276.9	319.7	290	295	295	295	295	295	295	295	Net Profit (\$mill)	40.0
20.7	22.2	19.3	20.2	15.2	15.8	20.9	22.3	23.5	51.8	27.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	Income Tax Rate	38.0%
41.6%	40.8%	39.4%	39.5%	40.4%	38.8%	41.1%	41.1%	38.7%	32.5%	37.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	AFUDC % to Net Profit	1.5%
1.6%	2.1%	2.7%	2.3%	2.0%	--	--	--	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	Long-Term Debt Ratio	53.5%
42.6%	41.8%	47.7%	46.0%	49.4%	53.7%	56.6%	55.0%	51.1%	51.6%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	Common Equity Ratio	46.5%
57.4%	58.2%	52.3%	54.0%	50.6%	46.3%	43.4%	45.0%	48.9%	48.4%	47.5%	47.5%	47.5%	47.5%	47.5%	47.5%	47.5%	47.5%	Total Capital (\$mill)	1025
341.2	391.8	453.2	470.9	499.6	550.7	607.9	610.2	656.2	744.6	790	845	845	845	845	845	845	845	Net Plant (\$mill)	1200
484.8	541.7	645.5	684.2	718.5	785.5	756.2	831.6	898.7	963.0	1010	1065	1065	1065	1065	1065	1065	1065	Return on Total Cap'l	5.5%
7.6%	7.0%	5.7%	5.8%	4.4%	4.3%	4.9%	5.0%	5.0%	8.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	Return on Shr. Equity	8.0%
10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	Return on Com Equity	8.0%
10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	Retained to Com Eq	3.5%
5.6%	5.2%	3.5%	3.3%	1.2%	1.2%	3.1%	3.3%	2.8%	10.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	All Div'ds to Net Prof	59%
47%	46%	57%	58%	80%	80%	61%	59%	62%	28%	58%	58%	58%	58%	58%	58%	58%	58%		

BUSINESS: SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 229,000 connections that serve a population of approximately one million people in the San Jose area and 12,000 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. The company offers nonregulated water-related services. Also owns and operates commercial real estate investments. Has about 395 employees. Officers & directors (including Nancy O. Moss) own 27.9% of outstanding shares. Chrm.: Charles J. Toeniskoetter, Inc.: CA. Address: 110 W. Taylor Street, San Jose, CA 95110. Tel.: (408) 279-7800. Int: www.sjwater.com.

SJW's main operating service area is in the midst of an historic drought. The vast majority of the utility's revenues are derived from its water operations in the thriving San Jose area of California. The lack of rain and snow in the mountains has led to the state placing severe restrictions on water usage for conservation purposes. This should result in a steep decline in demand for water. To date, regulators have worked with water utilities using a mechanism know as "decoupling." Basically, this process doesn't meaningfully penalize utilities for encouraging residents to reduce consumption.

SJW's earnings have been skewed. In 2014, the company's profits more than doubled due to a one-time event. The utility received a large payment in the third quarter for past expenses that it was forced to absorb. Since the funds were received as compensation for normal business expenses, we did not classify it as a nonrecurring event.

SJW's bottom line should post decent gains over the next two years. We think that the company's share net can reach \$1.35 in 2015. If 2014 had been a normal year, the year-over-year comparison would have been favorable. Next year's per-share earnings will probably only show a modest \$0.05-a-share increase to \$1.40, however. During 2015 and 2016, opposite forces will be at work pulling the utility's profits in different directions. On the positive side, SJW will be earning a return on the funds spent modernizing its pipeline infrastructure. Conversely, margins may be restrained by the scarcity of surface water, which would force SJW to pay more to either extract more ground water or purchase it from other sources.

The recent dividend increase was adequate. Though the 4% hike was positive in that it was higher than the company's historical growth rate, we thought that there was room for a 5% raise. This would have put the company's growth rate more in line with the industry norm.

These shares are ranked to underperform the broader market averages in the year ahead. Moreover, total return potential over the next three- to five-year period is subpar, as well.

James A. Flood

April 17, 2015

VALUE
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James A. Flood April 17, 2015

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Exhibit TJB-COC-DT-2

Comparative Risk Study

Computations of Operating Margin and Coefficient of Variation of Operating Margin

Line No.	Operating Income EBIT (\$ in millions)										Co-efficient of variation of Operating Income
1											
2											
3											
4	Company										
5	American States Water	AWR	119	119	111	95	73	103.40	19.62	0.1897	
6	Aqua America	WTR	314	305	322	286	272	299.80	20.52	0.0685	
7	California Water	CWT	109	93	93	90	85	94.00	9.00	0.0957	
8	Connecticut Water	CTWS	25	22	20	16	14	19.40	4.45	0.2294	
9	Middlesex	MSEX	34	31	28	24	27	28.80	3.83	0.1331	
10	SJW Corp.	SJW	93	53	55	54	38	58.60	20.45	0.3490	
11	York Water Company	YORW	22	21	21	20	20	20.80	0.84	0.0402	
12											
13	Water Proxy Group										0.1579
14											
15	Saharita Water Company, LLC										0.74
16											0.76
17											0.97
18											0.97
19	Risk relative to the average risk of the water utilities sample										0.10
20											0.66
21											0.33
22											0.4959
23											3.14
24											
25	Sales (\$ in millions)										
26	Company										
27	American States Water	AWR	466	472	467	419	399	445	Average		
28	Aqua America	WTR	780	769	758	712	726	749			
29	California Water	CWT	598	584	560	502	460	541			
30	Connecticut Water	CTWS	94	91	84	69	66	81			
31	Middlesex	MSEX	117	115	110	102	103	109			
32	SJW Corp.	SJW	320	277	262	239	216	263			
33	York Water Company	YORW	46	42	41	41	39	42			
34											
35	Saharita Water Company, LLC										
36											
37											
38											
39											
40											
41	Operating Margin (%)										Co-efficient of variation of Operating Margin
42	American Water Works	AWK	25.54%	25.21%	23.77%	22.67%	18.30%	23.10%	Average	0.1284	
43	Aqua America	WTR	40.26%	39.66%	42.48%	40.17%	37.47%	40.01%		0.03	
44	California Water	CWT	18.23%	15.92%	16.61%	13.81%	18.48%	17.43%		0.02	
45	Connecticut Water	CTWS	26.60%	24.18%	23.81%	23.19%	21.21%	23.80%		0.01	
46	Middlesex	MSEX	29.06%	26.98%	25.45%	23.53%	26.21%	26.24%		0.02	
47	SJW Corp.	SJW	29.06%	19.13%	20.99%	22.59%	17.59%	21.86%		0.02	
48	York Water Company	YORW	47.83%	50.00%	51.22%	48.78%	51.28%	49.82%		0.0304	
49											0.0895
50	Average Water Proxy Group							28.90%			
51											
52	Saharita Water Company, LLC										22.05%
53											23.42%
54											23.54%
55											4.34%
56											20.63%
57											0.10
58											0.4649
59											5.19
60											
61	Return on Equity (ROE)										Co-efficient of variation of ROE
62	Company										
63	American States Water	AWR	12.1%	12.7%	11.9%	10.3%	11.0%	11.6%	Average	0.01	
64	Aqua America	WTR	12.9%	13.4%	11.0%	11.6%	10.6%	11.9%		0.01	
65	California Water	CWT	9.0%	9.0%	9.0%	8.0%	8.6%	8.7%		0.00	
66	Connecticut Water	CTWS	10.2%	9.3%	7.3%	8.3%	8.7%	8.8%		0.01	
67	Middlesex	MSEX	9.3%	8.7%	7.8%	7.5%	8.2%	8.3%		0.01	
68	SJW Corp.	SJW	14.4%	7.0%	8.1%	7.9%	6.2%	8.7%		0.03	
69	York Water Company	YORW	11.0%	9.4%	9.3%	9.5%	9.8%	9.8%		0.01	
70											0.0711
71	Water Proxy Group										11.3%
72											9.9%
73											9.2%
74											9.0%
75											9.0%
76											9.7%
77											0.4271
78	Saharita Water Company, LLC										7.90%
79											7.26%
80											9.45%
81											9.45%
82											6.67%
83											0.13%
84											6.28%
85											0.04
86											0.5719
87											4.50
88											
89											
90											
91											
92											
93											
94											
95											
96											
97											
98											
99											
100											

B. Assume percentage difference is the same for water utilities as companies in general

¹ See Risk Study. CV stands for Coefficient of Variation,

² Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-1, Companies Ranked by Operating Margin.

^a Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-2, Companies Ranked by CV (Operating Margin).

Source is Schedule D-4.3.

⁵ Calculated by multiplying (1 + percentage difference in risk study betas) times average beta for the water sample group.

Sahuarita Water Company, LLC
Comparative Risk Study
Traditional Capital Asset Pricing Model (CAPM) Using Implied Beta
To Find Additional Risk Premium

Exhibit
Page 3 of 3

Line No.	R_f^1	+	Implied β^2	x	RP_M^3	=	k	CAPM Results From Schedule D-4.11	Indicated Company Risk Premium		
1	Historical Market Risk Premium CAPM		4.2%	+	0.93	x	7.00% ³	=	10.7%	9.4%	1.3%
2	Current Market Risk Premium CAPM		4.2%	+	0.93	x	9.25% ⁴	=	12.8%	11.0%	1.8%

Notes:

- ¹ Forecasts of long-term treasury yields. See Schedule D-4.9.
- ² Implied Beta computed from Duff and Phelps 2015 Valuation Handbook Risk Study information. See page 1 of exhibit.
- ³ Historical Market Risk Premium Duff & Phelps 2015 Valuation Handbook, Appendix 3, Long-Horizon ERP.
- ⁴ See Schedule D-4.10

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line
No.

1	Fair Value Rate Base			\$	9,298,032	
2						
3	Adjusted Operating Income				598,003	
4						
5	Current Rate of Return				6.43%	
6						
7	Required Operating Income			\$	855,419	
8						
9	Required Rate of Return on Fair Value Rate Base				9.20%	
10						
11	Operating Income Deficiency			\$	257,416	
12						
13	Gross Revenue Conversion Factor				1.2926	
14						
15	Increase in Gross Revenue Revenue Requirement				332,734	
16						
17	Adjusted Test Year Revenues			\$	2,896,746	
18	Increase in Gross Revenue Revenue Requirement			\$	332,734	
19	Proposed Revenue Requirement			\$	3,229,480	
20	% Increase				11.49%	
21						
22	Customer					
23	Classification					
24	5/8 Inch Residential	Present Rates	Proposed Rates	Dollar Increase	Percent Increase	
25	3/4 Inch Residential	\$ 1,754,351	\$ 1,970,197	\$ 215,845	12.30%	
26	1 Inch Residential	374,310	410,054	35,744	9.55%	
27	Subtotal	56,962	63,544	6,582	11.55%	
28		\$ 2,185,623	\$ 2,443,795	\$ 258,172	11.81%	
29	1 Inch Commercial	\$ 635	\$ 708	\$ 73	11.53%	
30	1.5 Inch Commercial	2,774	3,095	321	11.57%	
31	2 Inch Commercial	78,061	86,991	8,930	11.44%	
32	3 Inch Commercial	8,473	9,457	983	11.60%	
33	Subtotal	\$ 89,943	\$ 100,251	\$ 10,308	11.46%	
34						
35	1 Inch Public Authority	\$ 10,908	\$ 12,151	\$ 1,243	11.39%	
36	2 Inch Public Authority	19,539	21,794	2,255	11.54%	
37	4 Inch Public Authority	35,006	38,964	3,958	11.31%	
38	Subtotal	\$ 65,453	\$ 72,909	\$ 7,456	11.39%	
39						
40	5/8 Inch Irrigation	\$ 14,044	\$ 15,606	\$ 1,562	11.12%	
41	3/4 Inch Irrigation	5,122	5,649	527	10.29%	
42	1 Inch Irrigation	76,839	85,513	8,675	11.29%	
43	1.5 Inch Irrigation	40,234	44,786	4,552	11.31%	
44	2 Inch Irrigation	383,182	426,298	43,116	11.25%	
45	3 Inch Irrigation	-	-	-	0.00%	
46	Subtotal	\$ 519,420	\$ 577,851	\$ 58,431	11.25%	
47						
48	3 Inch Construction	\$ 32,933	\$ 36,577	\$ 3,645	11.07%	
49						
50	Subtotal Revenues before Annualization	\$ 2,893,372	\$ 3,231,383	\$ 338,011	11.68%	
51	Usage Normalization	(73,316)	(82,661)	(9,344)	12.75%	
52	Revenue Annualization	24,165	26,909	2,744	11.36%	
53	Other Water Revenues	53,528	53,528	-	0.00%	
54	Reconciling Amount H-1 to C-1	(1,001)	322	1,323	-132.17%	
55	Total of Water Revenues	\$ 2,896,747	\$ 3,229,480	\$ 332,733	11.49%	

SUPPORTING SCHEDULES:

B-1
C-1
C-3
H-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2012	12/31/2013	Actual 12/31/2014	Adjusted 12/31/2014	Present Rates 12/31/2015	Proposed Rates 12/31/2015
1	Gross Revenues	\$ 3,266,974	\$ 3,264,205	\$ 3,354,058	\$ 2,896,746	\$ 2,896,746	\$ 3,229,480
2							
3	Revenue Deductions and	2,292,924	2,499,823	2,614,487	2,298,743	2,298,743	2,374,061
4	Operating Expenses						
5							
6	Operating Income	\$ 974,050	\$ 764,382	\$ 739,570	\$ 598,003	\$ 598,003	\$ 855,419
7							
8	Other Income and	84,060	91,583	70,004	87,410	87,410	87,410
9	Deductions						
10							
11	Interest Expense	(109,222)	(104,821)	(100,248)	(80,324)	(80,324)	(80,324)
12							
13	Net Income	\$ 948,888	\$ 751,143	\$ 709,326	\$ 605,089	\$ 605,089	\$ 862,505
14							
15	Earned Per Average						
16	Common Share	N/A	N/A	N/A	N/A	N/A	N/A
17							
18	Dividends Per						
19	Common Share	N/A	N/A	N/A	N/A	N/A	N/A
20							
21	Payout Ratio	N/A	N/A	N/A	N/A	N/A	N/A
22							
23	Return on Average						
24	Invested Capital	3.78%	2.99%	2.95%	2.41%	2.44%	3.47%
25							
26	Return on Year End						
27	Capital	3.77%	2.99%	3.08%	2.41%	2.46%	3.51%
28							
29	Return on Average						
30	Common Equity	9.75%	7.37%	7.34%	5.69%	6.52%	9.54%
31							
32	Return on Year End						
33	Common Equity	9.45%	7.26%	7.90%	5.54%	6.32%	9.48%
34							
35	Times Bond Interest Earned						
36	Before Income Taxes	8.92	7.29	7.38	9.60	9.60	13.66
37							
38	Times Total Interest and						
39	Preferred Dividends Earned						
40	After Income Taxes	9.75	8.22	8.17	10.08	10.08	11.52
41							
42							
43	<u>SUPPORTING SCHEDULES</u>						
44	C-1						
45	E-2						
46	F-1						

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.	Description:	Prior Years Ended		Test Year	Projected Year
		12/31/2012	12/31/2013	12/31/2014	12/31/2015
1					
2					
3	Short-term Debt	\$ -	\$ -	\$ -	\$ -
4					
5	Long-Term Debt	\$ 2,544,596	\$ 2,437,609	\$ 2,326,035	\$ 2,209,677
6					
7	Total Debt	\$ 2,544,596	\$ 2,437,609	\$ 2,326,035	\$ 2,209,677
8					
9	Preferred Stock	-	-	-	-
10					
11	Common Equity	13,896,764	14,628,684	8,982,660	9,827,759
12					
13					
14	Total Capital & Debt	\$ 16,441,359	\$ 17,066,293	\$ 11,308,695	\$ 12,037,436
15					
16					
17	Capitalization Ratios:				
18					
19	Short-term Debt	-	-	-	-
20					
21	Long-Term Debt	15.48%	14.28%	20.57%	18.36%
22					
23	Total Debt	15.48%	14.28%	20.57%	18.36%
24					
25	Preferred Stock	-	-	-	-
26					
27	Common Equity	84.52%	85.72%	79.43%	81.64%
28					
29					
30	Total Capital	100.00%	100.00%	100.00%	100.00%
31					
32	Weighted Cost of				
33	Short-Term Debt	0.00%	0.00%	0.00%	0.00%
34					
35	Weighted Cost of				
36	Long-Term Debt	0.65%	0.60%	0.86%	0.77%
37					
38	Weighted Cost of				
39	Senior Capital	0.65%	0.60%	0.86%	0.77%
40					
41					
42	<u>SUPPORTING SCHEDULES:</u>				
43	E-1				
44	D-1				

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1				
4	Prior Year Ended 12/31/2012	416,642	489,732	26,829,255
5				
6	Prior Year Ended 12/31/2013	403,821	407,365	27,241,418
7				
8	Test Year Ended 12/31/2014	361,685	299,234	27,471,416
9				
10	Projected Year Ended 12/31/2015	210,924	210,924	27,682,340
11				
12				
13				
14				
15	<u>SUPPORTING SCHEDULES:</u>			
16	B-2			
17	E-5			
18	F-3			
19				
20				

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.	Prior Year Ended 12/31/2012	Prior Year Ended 12/31/2013	Test Year Ended 12/31/2014	Projected Year Present Rates 12/31/2015	Projected Year Proposed Rates 12/31/2015
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 27,468,728	\$ 27,468,728
3	Less: Accumulated Depreciation	6,309,380	6,309,380
4			
5	Net Utility Plant in Service	\$ 21,159,348	\$ 21,159,348
6			
7	<u>Less:</u>		
8	Advances in Aid of		
9	Construction	5,189,497	5,189,497
10	Contributions in Aid of		
11	Construction	7,712,717	7,712,717
12			
13	Accumulated Amortization of CIAC	(1,376,852)	(1,376,852)
14			
15	Customer Security Deposits	52,876	52,876
16	Deferred Income Taxes & Credits	283,077	283,077
17			
18			
19			
20	<u>Plus:</u>		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	\$ 9,298,032	\$ 9,298,032
30			
31			
32			
33	<u>SUPPORTING SCHEDULES:</u>		<u>RECAP SCHEDULES:</u>
34	B-2		A-1
35	B-3		
36	B-5		
37	E-1		
38			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma Adjustment <u>Amount</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 27,471,416	(2,688)	\$ 27,468,728
3				
4	Less:			
5	Accumulated			
6	Depreciation	6,745,157	(435,777)	6,309,380
7				
8				
9	Net Utility Plant			
10	in Service	\$ 20,726,259		\$ 21,159,348
11				
12	Less:			
13	Advances in Aid of			
14	Construction	5,189,497	-	5,189,497
15				
16	Contributions in Aid of			
17	Construction	7,712,717	-	7,712,717
18				
19	Accumulated Amort of CIAC	(1,368,864)	(7,988)	(1,376,852)
20				
21	Customer Security Deposits	52,876		52,876
22	Deferred Income Taxes & Credits	-	283,077	283,077
23				
24				
25				
26	Plus:			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	<u>\$ 9,140,032</u>		<u>\$ 9,298,032</u>
36				
37				
38				
39	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>
40	B-2, pages 2			B-1
41	E-1			
42				
43				
44				
45				
46				
47				
48				

Sahuarita Water Company, LLC
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.	Description	Actual at End of Test Year	Proforma Adjustments			Adjusted at end of Test Year
			1 Plant	2 Accumulated Depr.	3 ADIT	
1	Gross Utility Plant in Service	\$ 27,471,416	(2,688)			\$ 27,468,728
4	Less:					
5	Accumulated Depreciation	6,745,157		(435,777)		6,309,380
9	Net Utility Plant in Service	\$ 20,726,259	\$ (2,688)	\$ 435,777	\$ -	\$ 21,159,348
12	Less:					
13	Advances in Aid of Construction	5,189,497				5,189,497
16	Contributions in Aid of Construction (CIAC)	7,712,717				7,712,717
19	Accumulated Amort of CIAC	(1,368,864)			(7,988)	(1,376,852)
21	Customer Security Deposits	52,876				52,876
22	Deferred Income Taxes & Credits	-			283,077	283,077
25	Plus:					
26	Unamortized Finance Charges	-				-
29	Allowance for Working Capital	-				-
31	Total	\$ 9,140,032	\$ (2,688)	\$ 435,777	\$ (283,077)	\$ 9,298,032

SUPPORTING SCHEDULES:

B-2, pages 3-6
E-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Line No.	Plant-in-Service	Per Books Original Cost	A Post Test Year Plant	B Arsenic Media Retirements	C Adjustments To Reconcile Plant to Reconstruction	D Intentionally Left Blank	E Intentionally Left Blank	F Intentionally Left Blank	Adjusted Original Cost
1	Plant-in-Service								
2									
3	Acct.								
4	No. Description								
5	301 Organization Cost	7,541			(0)				7,541
6	302 Franchise Cost	352,403			(0)				352,403
7	303 Land and Land Rights	13,636			(0)				13,636
8	304 Structures and Improvements	401,832			1				401,832
9	305 Collecting and Impounding Res.								
10	306 Lake River and Other Intakes								
11	307 Wells and Springs	2,142,644			(0)				2,142,644
12	308 Infiltration Galleries and Tunnels								
13	309 Supply Mains								
14	310 Power Generation Equipment	338,784	210,924		0				549,708
15	311 Electric Pumping Equipment	195,407			(0)				195,407
16	320 Water Treatment Equipment	2,001,053			(0)				2,001,053
17	320.1 Water Treatment Plant								
18	320.2 Chemical Solution Feeders								
19	320.3 Arsenic Media	365,917	152,307	(365,917)					
20	330 Dist. Reservoirs & Standpipe	1,848,872			0				152,307
21	330.1 Storage tanks								1,848,872
22	330.2 Pressure Tanks								
23	331 Trans. and Dist. Mains	13,281,054			(1)				13,281,054
24	333 Services	2,256,719			(0)				2,256,719
25	334 Meters	1,489,172							1,489,172
26	335 Hydrants	732,251			0				732,251
27	336 Backflow Prevention Devices	1,659			0				1,660
28	339 Other Plant and Misc. Equip.								
29	340 Office Furniture and Fixtures	160,855			(0)				160,855
30	340.1 Computers and Software	122,607			0				122,607
31	341 Transportation Equipment	139,706			0				139,706
32	342 Stores Equipment								
33	343 Tools and Work Equipment	37,841			(0)				37,840
34	344 Laboratory Equipment	132			(0)				132
35	345 Power Operated Equipment								
36	346 Communications Equipment	577,721			(0)				577,721
37	347 Miscellaneous Equipment	695			0				695
38	348 Other Tangible Plant	1,002,915			(0)				1,002,914
39									
40	TOTALS	\$ 27,471,416	\$ 363,231	\$ (365,917)	\$ (2)	\$ -	\$ -	\$ -	\$ 27,468,728
41									
42	Plant-in-Service per Books								\$ 27,471,416
43									
44	Increase (decrease) in Plant-in-Service								\$ (2,688)
45									
46	Adjustment to Plant-in-Service								\$ (2,688)
47									
48	SUPPORTING SCHEDULES								
49	B-2, pages 3.1-3.3								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Schedule B-2
Page 3.1
Witness: Bourassa

Line

No.

Post Test Year Plant

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

Acct.

No. Description

310 Power Generation Equipment

320.3 Arsenic Media

New Generator

Media Replacement

Original

Cost

\$ 210,924

152,307

\$ 363,231

TOTALS

SUPPORTING SCHEDULE

Testimony

Workpapers

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Schedule B-2
Page 3.2
Witness: Bourassa

Line

No.

Post Test Year Retirements

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

Acct.

No. Description

320.3 Arsenic Media

Media Replacement

Original

Cost

\$ (365,917)

TOTALS

\$ (365,917)

SUPPORTING SCHEDULE

Testimony

Workpapers

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Schedule B-2
Page 3.3
Witness: Bourassa

Line
No.

Reconciliation of Plant to Plant Reconstruction

Acct.	Original	B-2	Adjusted	Plant	
No.	Cost	Adjustments	Original	Per	Difference
Description			Cost	Reconstruction	
301 Organization Cost	7,541	-	7,541	7,541	(0)
302 Franchise Cost	352,403	-	352,403	352,403	(0)
303 Land and Land Rights	13,636	-	13,636	13,636	(0)
304 Structures and Improvements	401,832	-	401,832	401,832	1
305 Collecting and Impounding Res.	-	-	-	-	-
306 Lake River and Other Intakes	-	-	-	-	-
307 Wells and Springs	2,142,644	-	2,142,644	2,142,644	(0)
308 Infiltration Galleries and Tunnels	-	-	-	-	-
309 Supply Mains	-	-	-	-	-
310 Power Generation Equipment	338,784	210,924	549,708	549,708	0
311 Electric Pumping Equipment	195,407	-	195,407	195,407	(0)
320 Water Treatment Equipment	2,001,053	-	2,001,053	2,001,053	(0)
320.1 Water Treatment Plant	-	-	-	-	-
320.2 Chemical Solution Feeders	-	-	-	-	-
320.3 Arsenic Media	365,917	(213,610)	152,307	152,307	-
330 Dist. Reservoirs & Standpipe	1,848,872	-	1,848,872	1,848,872	0
330.1 Storage tanks	-	-	-	-	-
330.2 Pressure Tanks	-	-	-	-	-
331 Trans. and Dist. Mains	13,281,054	-	13,281,054	13,281,054	(1)
333 Services	2,256,719	-	2,256,719	2,256,719	(0)
334 Meters	1,489,172	-	1,489,172	1,489,172	-
335 Hydrants	732,251	-	732,251	732,251	0
336 Backflow Prevention Devices	1,659	-	1,659	1,660	0
339 Other Plant and Misc. Equip.	-	-	-	-	-
340 Office Furniture and Fixtures	160,856	-	160,856	160,855	(0)
340.1 Computers and Software	122,607	-	122,607	122,607	0
341 Transportation Equipment	139,706	-	139,706	139,706	0
342 Stores Equipment	-	-	-	-	-
343 Tools and Work Equipment	37,841	-	37,841	37,840	(0)
344 Laboratory Equipment	132	-	132	132	(0)
345 Power Operated Equipment	-	-	-	-	-
346 Communications Equipment	577,721	-	577,721	577,721	(0)
347 Miscellaneous Equipment	695	-	695	695	0
348 Other Tangible Plant	1,002,915	-	1,002,915	1,002,914	(0)
Rounding	-	-	(2)	-	2
TOTALS	\$ 27,471,416	\$ (2,686)	\$ 27,468,728	\$ 27,468,728	\$ (0)

SUPPORTING SCHEDULE

B-2, pages 3.1 through 3.2

B-2, pages 3.4 through 3.10

Schwarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Company Plant at 12/31/2008	Order Adopted Adjustments	Order Plant at 12/31/2008	Accum. Deprec. At 12/31/2008	Order A/D at 12/31/2008	Net Plant 12/31/2008	Plant at 12/31/2008	Accum. Deprec. At 12/31/2008
1	301	Organization Cost	0.00%	7,541	-	7,541	-	-	7,541	7,541	-
2	302	Franchise Cost	0.00%	350,861	-	350,861	-	-	350,861	350,861	-
3	303	Land and Land Rights	0.00%	13,636	-	13,636	-	-	13,636	13,636	-
4	304.1	Structures & Improvements	3.33%	171,671	-	171,671	7,678	-	163,993	171,671	7,678
6	304.2	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-
10	308	Infiltration Galleries	6.87%	800,396	(251,483)	548,913	126,795	(124,688)	673,601	548,913	(124,688)
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-
12	310	Power Generation Equipment	5.00%	335,668	-	335,668	16,317	-	319,351	335,668	16,317
13	311	Pumping Equipment	12.50%	43,912	-	43,912	9,696	-	34,216	43,912	9,696
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-
15	320	Water Treatment Plants	3.33%	18,694	-	18,694	1,552	-	17,142	18,694	1,552
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	1,811,998	-	1,811,998	132,080	-	1,679,918	1,811,998	132,080
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	10,162,557	(30,250)	10,132,307	587,243	-	9,575,314	10,132,307	587,243
23	333	Services	3.33%	2,081,553	(30,159)	2,051,394	151,782	-	1,929,771	2,051,394	121,623
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-
25	334	Meters	8.33%	1,238,008	(15,673)	1,222,335	422,202	-	800,133	1,222,335	422,202
26	335	Hydants	2.00%	656,364	-	656,364	27,628	-	644,409	656,364	11,955
27	336	Backflow Prevention Devices	6.87%	816	-	816	102	-	714	816	102
28	339	Other Plant & Misc Equipment	6.87%	-	-	-	-	-	-	-	-
29	340	Office Furniture & Equipment	20.00%	283,991	-	283,991	40,362	-	243,629	283,991	40,362
30	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-
31	341	Transportation Equipment	4.00%	146,129	-	146,129	97,477	-	48,652	146,129	97,477
32	342	Stores Equipment	5.00%	-	-	-	-	-	-	-	-
33	343	Tools, Shop & Garage Equipment	5.00%	13,856	-	13,856	3,133	-	10,723	13,856	3,133
34	344	Laboratory Equipment	10.00%	132	-	132	20	-	112	132	20
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
36	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-
37	346	Communication Equipment	10.00%	11,818	-	11,818	2,077	-	9,741	11,818	2,077
38	347	Miscellaneous Equipment	10.00%	695	-	695	104	-	591	695	104
39	348	Other Tangible Plant	10.00%	962,974	-	962,974	54,602	-	908,372	962,974	54,602
40		Rounding		-	-	-	-	-	-	-	-
41		PTY Plant	0%	1,844,270	2,850,253	4,694,523	-	-	4,694,523	4,694,523	-
42		CWIP		-	-	-	-	-	-	-	-
		TOTALS		20,957,540	2,522,668	23,480,228	1,680,847	1,353,282	22,126,946	23,480,228	1,353,282

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2009						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	301	Organization Cost	0.00%	1,542	-	1,542	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	304.1	Structures & Improvements	3.33%	225,636	-	225,636	-	-	-	-
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	1,463,988	-	1,463,988	-	-	-	-
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	102,189	-	102,189	-	-	-	-
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	1,722,469	-	1,722,469	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	36,874	-	36,874	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-
20	330.1	Storage Tanks	5.00%	-	-	-	-	-	-	-
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	2,381,014	-	2,381,014	-	-	-	-
23	333	Services	3.33%	-	-	-	-	-	-	-
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-
25	334	Meters	8.33%	94,085	-	94,085	-	-	-	-
26	335	Hydrants	2.00%	3,050	-	3,050	-	-	-	-
27	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-
28	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-
29	340	Office Furniture & Equipment	20.00%	75,672	-	75,672	-	-	-	-
30	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-
31	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-
32	342	Stores Equipment	4.00%	-	-	-	-	-	-	-
33	343	Tools, Shop & Garage Equipment	5.00%	6,574	-	6,574	-	-	-	-
34	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
36	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-
37	346	Communication Equipment	10.00%	489,268	-	489,268	-	-	-	-
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-
39	348	Other Tangible Plant	10.00%	28	-	28	-	-	-	-
40		Rounding		(4,694,523)	-	(4,694,523)	-	-	-	-
41		PTY Plant	0%	-	-	-	-	-	-	-
42		CWIP		-	-	-	-	-	-	-
		TOTALS		1,907,864	-	1,907,864	127,131	-	127,131	1,964,974

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010							Accum. Deprec.	
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only		Depreciation (Calculated)
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	7,541	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	352,403	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	13,636	-
4	304.1	Structures & Improvements	3.33%	2,207	-	2,207	-	-	-	-	13,267	30,419
6	304.2	Structures & Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	90,391	-	90,391	440	-	440	-	68,527	(13,947)
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	719	-	719	-	-	-	-	16,783	49,883
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	18,308	39,879
15	320	Water Treatment Equipment	3.33%	199,380	-	199,380	-	-	-	-	61,284	92,137
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	120,000	-	120,000	-	-	-	-	40,200	40,200
19	330	Distribution Reservoirs & Sandpipes	2.22%	-	-	-	-	-	-	-	1,848,872	213,761
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	166,451	-	166,451	-	-	-	-	251,931	1,035,380
23	333	Services	3.33%	69,053	-	69,053	-	-	-	-	69,461	259,396
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-
25	334	Meters	8.33%	32,986	-	32,986	-	-	-	-	11,032	638,973
26	335	Hydrants	2.00%	18,031	-	18,031	-	-	-	-	13,369	38,461
27	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	211
28	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0
29	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	-	-
30	340.1	Computers & Software	20.00%	11,844	-	11,844	-	-	-	-	10,463	(61,604)
31	341	Stores Equipment	20.00%	-	-	-	-	-	-	-	16,319	23,886
32	342	Transportation Equipment	20.00%	-	-	-	-	-	-	-	19,427	146,129
33	343	Tools, Shop & Garage Equipment	4.00%	-	-	-	-	-	-	-	-	-
34	344	Laboratory Equipment	5.00%	2,232	-	2,232	-	-	-	-	1,077	5,067
35	345	Power Operated Equipment	10.00%	-	-	-	-	-	-	-	13	46
36	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-
37	346	Communication Equipment	10.00%	77,885	-	77,885	-	-	-	-	54,003	81,725
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695
39	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	96,300	247,201
40		Rounding		-	-	-	-	-	-	-	-	-
41		PTY Plant	0%	-	-	-	-	-	-	-	-	-
42		CWIP		-	-	-	-	-	-	-	-	-
		TOTALS		790,179	-	790,179	440	-	440	-	902,932	2,867,466

Line No.	NARIUC Account No.	Description	Allowed Deprec. Rate	2011						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	304.1	Structures & Improvements	3.33%	-	-	-	-	-	-	-
6	304.2	Structures & Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	-
23	333	Services	3.33%	-	-	-	-	-	-	-
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-
25	334	Meters	8.33%	-	-	-	-	-	-	-
26	335	Hydrants	2.00%	-	-	-	-	-	-	-
27	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-
28	338	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-
29	340	Office Furniture & Equipment	20.00%	-	-	-	-	-	-	-
30	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-
31	341	Transportation Equipment	4.00%	-	-	-	-	-	-	-
32	342	Stores Equipment	5.00%	-	-	-	-	-	-	-
33	343	Tools, Shop & Garage Equipment	10.00%	-	-	-	-	-	-	-
34	344	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
36	345.1	Power Operated Equipment - Backhoe	10.00%	-	-	-	-	-	-	-
37	346	Communication Equipment	10.00%	-	-	-	-	-	-	-
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-
39	348	Other Tangible Plant	0%	-	-	-	-	-	-	-
40		PTV Plant		-	-	-	-	-	-	-
41		CWIP		-	-	-	-	-	-	-
42		TOTALS		231,766	-	231,766	7,382	-	7,382	3,801,686

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage AD Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	7,541	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	352,403	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	13,636	-
4	304.1	Structures and Improvements	3.33%	-	-	-	-	-	-	-	-	399,514	57,027
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	13,304	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	2,142,844	128,091
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	335,668	83,450
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	146,820	76,584
15	320	Water Treatment Equipment	3.33%	895	-	895	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	1,941,329	221,370
18	320.3	Arsenic Media	67.00%	130,000	-	130,000	-	-	-	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	250,000	163,550
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	1,848,872	295,850
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	229,944	-	229,944	-	-	-	-	-	13,044,564	1,548,916
23	333	Services	3.33%	30,159	-	30,159	-	-	-	-	-	2,152,906	401,234
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
25	334	Meters	8.33%	64,989	-	64,989	-	-	-	-	-	1,441,050	869,821
26	335	Hydrants	2.00%	15,673	-	15,673	-	-	-	-	-	695,718	65,814
27	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	816	319
28	338	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	-	-	-
29	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	-	-	-
30	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-
31	341	Transportation Equipment	20.00%	5,465	-	5,465	2,991	-	2,991	-	-	157,406	(40,625)
32	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	92,221	56,818
33	343	Tools, Shop & Garage Equipment	5.00%	1,679	-	1,679	-	-	-	-	-	146,129	146,129
34	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	26,548	7,541
36	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	132	73
37	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	571,589	189,030
39	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	70	382
40		Rounding	0%	13,920	-	13,920	-	-	-	-	-	98,963	443,451
41		PTY Plant	-	-	-	-	-	-	-	-	-	-	-
42		CWIP	-	-	-	-	-	-	-	-	-	-	-
		TOTALS		492,723	-	492,723	2,991	-	2,991	-	916,131	26,764,816	4,714,826

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	7,541	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	352,403	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	13,636	-
4	304.1	Structures & Improvements	3.33%	2,318	-	2,318	-	-	-	-	13,342	401,832	70,369
6	304.2	Structures & Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	71,350	2,142,644	199,441
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	3,116	-	3,116	-	-	-	-	16,861	338,784	100,312
14	311.1	Pumping Equipment - Gas	12.50%	18,589	-	18,589	-	-	-	-	19,514	165,409	96,098
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	64,646	1,941,329	286,017
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	115,917	-	115,917	-	-	-	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	125,282	365,917	288,832
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	41,045	1,848,872	336,895
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	139,030	-	139,030	-	-	-	-	282,282	13,183,584	1,811,197
23	333	Services	3.33%	60,501	-	60,501	-	-	-	-	72,699	2,213,407	473,933
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
25	334	Meters	8.33%	30,190	-	30,190	-	-	-	-	121,297	1,471,240	991,118
26	335	Hydrants	2.00%	22,517	-	22,517	-	-	-	-	14,140	718,255	79,953
27	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	374
28	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
29	340	Office Furniture & Equipment	20.00%	1,126	-	1,126	-	-	-	-	10,537	156,533	(30,088)
30	340.1	Computers & Software	20.00%	6,101	-	6,101	4,798	-	4,798	-	16,575	93,524	70,594
31	341	Transportation Equipment	4.00%	16,307	-	16,307	22,730	-	22,730	-	1,831	139,706	125,030
32	342	Stores Equipment	5.00%	7,777	-	7,777	-	-	-	-	1,522	34,325	9,063
33	343	Tools, Shop & Garage Equipment	10.00%	-	-	-	-	-	-	-	13	132	86
34	344	Laboratory Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
36	345.1	Power Operated Equipment - Backhoe	10.00%	6,132	-	6,132	-	-	-	-	57,465	577,721	246,496
37	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	70	695	452
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	99,925	1,001,887	543,376
39	348	Other Tangible Plant	10.00%	5,272	-	5,272	-	-	-	-	-	-	-
40		Rounding	0%	-	-	-	-	-	-	-	-	-	-
41		PTY Plant	-	-	-	-	-	-	-	-	-	-	-
42		CWIP	-	-	-	-	-	-	-	-	-	-	-
		TOTALS		434,893	-	434,893	27,528	-	27,528	-	1,012,250	27,172,181	5,699,548

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2014											
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	PTY Plant	PTY Retirements	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
4	304.1	Structures & Improvements	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
6	304.2	Structures & Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
10	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
13	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	-
14	311.1	Pumping Equipment - Gas	12.50%	29,998	-	29,998	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	59,724	-	59,724	-	-	-	-	-	-	-	-	-
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
18	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-	-	-	-
19	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-	-
20	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
22	331	Transmission & Distribution Mains	2.00%	97,460	-	97,460	-	-	-	-	-	-	-	-	-
23	333	Services	3.33%	43,312	-	43,312	-	-	-	-	-	-	-	-	-
24	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
25	334	Meters	8.33%	17,932	-	17,932	-	-	-	-	-	-	-	-	-
26	335	Hydrants	2.00%	14,016	-	14,016	-	-	-	-	-	-	-	-	-
27	336	Backflow Prevention Devices	6.67%	844	-	844	-	-	-	-	-	-	-	-	-
28	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
29	340	Office Furniture & Equipment	20.00%	2,323	-	2,323	-	-	-	-	-	-	-	-	-
30	340.1	Computers & Software	20.00%	29,083	-	29,083	-	-	-	-	-	-	-	-	-
31	341	Transportation Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-
32	342	Stores Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
33	343	Tools, Shop & Garage Equipment	5.00%	3,515	-	3,515	-	-	-	-	-	-	-	-	-
34	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
36	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
37	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
38	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
39	348	Other Tangible Plant	10.00%	1,028	-	1,028	-	-	-	-	-	-	-	-	-
40		Rounding	0%	-	-	-	-	-	-	-	-	-	-	-	-
41		PTY Plant		-	-	-	-	-	-	-	-	-	-	-	-
42		CWIP		-	-	-	-	-	-	-	-	-	-	-	-
		TOTALS		289,234	-	289,234	-	-	-	-	-	-	-	-	-

Sahuaria Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Line No.	Plant-in-Service	Per Books Accum. Depr.	A Retire Arsenic Media	B Adjustments to Reconcile A/D to Reconstruction	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Accum. Depr.
1	Plant-in-Service							
2	Acct.							
3	No.							
4	Description							
5	301 Organization Cost							
6	302 Franchise Cost							
7	303 Land and Land Rights							
8	304 Structures and Improvements	83,715		35				83,750
9	305 Collecting and Impounding Res.							
10	306 Lake River and Other Intakes							
11	307 Wells and Springs							
12	308 Infiltration Galleries and Tunnels	271,231		(440)				270,791
13	309 Supply Mains							
14	310 Power Generation Equipment	117,251		0				
15	311 Electric Pumping Equipment	117,456		1,193				117,251
16	320 Water Treatment Plant	351,657		(0)				118,649
17	320.1 Water Treatment Plant							351,657
18	320.2 Chemical Solution Feeders							
19	320.3 Arsenic Media	365,917	(365,917)					
20	330 Dist. Reservoirs & Standpipe	377,940		0				0
21	330.1 Storage tanks							377,940
22	330.2 Pressure Tanks							
23	331 Trans. and Dist. Mains							
24	333 Services	2,075,844		(0)				
25	334 Meters	548,361		0				2,075,844
26	335 Hydrants	1,090,602		23,817				548,361
27	336 Backflow Prevention Devices	94,458		(0)				1,114,419
28	339 Other Plant and Misc. Equip.	456		0				94,458
29	340 Office Furniture and Fixtures							456
30	340.1 Computers and Software	75,030		(94,467)				
31	341 Transportation Equipment	87,575		1				(19,436)
32	342 Stores Equipment	128,290		1				87,576
33	343 Tools and Work Equipment	10,867						128,291
34	344 Laboratory Equipment	99		(0)				
35	345 Power Operated Equipment			(0)				10,867
36	346 Communications Equipment	304,268						99
37	347 Miscellaneous Equipment	521		0				
38	348 Other Tangible Plant	643,616		(0)				304,268
39	Rounding	1						521
40	TOTALS	\$ 6,745,157	\$ (365,917)	\$ (69,860)	\$ -	\$ -	\$ -	643,616
41	Accumulated Depreciation per Books							1
42	Increase (decrease) in Plant-in-Service							\$ 6,309,380
43	Adjustment to Plant-in-Service							\$ 6,745,157
44	SUPPORTING SCHEDULES							\$ (435,777)
45	B-2, pages 4.1 to 4.2							\$ (435,777)
46								\$ (435,777)
47								
48								
49								
50								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Schedule B-2
Page 4.1
Witness: Bourassa

Line

No.

1 Post Test Year Retirements

2

3

4 Acct.

5 No. Description

6 320.3 Arsenic Media

Media Replacement

7

8

TOTALS

9

10

11

12

13

14

15

16

17

18 SUPPORTING SCHEDULE

19 Testimony

20 Workpapers

Accumulated

Depreciation (A/D)

\$ (365,917)

\$ (365,917)

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

Exhibit
Schedule B-2
Page 4.2
Witness: Bourassa

Line No.	Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
1		<u>Reconciliation of A/D to A/D Reconstruction</u>					
2							
3							
4							
5							
6	301	Organization Cost	-	-	-	-	-
7	302	Franchise Cost	-	-	-	-	-
8	303	Land and Land Rights	-	-	-	-	-
9	304	Structures and Improvements	83,715	-	83,715	83,750	35
10	305	Collecting and Impounding Res.	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-
12	307	Wells and Springs	271,231	-	271,231	270,791	(440)
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-
14	309	Supply Mains	-	-	-	-	-
15	310	Power Generation Equipment	117,251	-	117,251	117,251	0
16	311	Electric Pumping Equipment	117,456	-	117,456	118,649	1,193
17	320	Water Treatment Equipment	351,657	-	351,657	351,657	(0)
18	320.1	Water Treatment Plant	-	-	-	-	-
19	320.2	Chemical Solution Feeders	-	-	-	-	-
20	320.3	Arsenic Media	365,917	(365,917)	0	0	-
21	330	Dist. Reservoirs & Standpipe	377,940	-	377,940	377,940	0
22	330.1	Storage tanks	-	-	-	-	-
23	330.2	Pressure Tanks	-	-	-	-	-
24	331	Trans. and Dist. Mains	2,075,844	-	2,075,844	2,075,844	(0)
25	333	Services	548,361	-	548,361	548,361	0
26	334	Meters	1,090,602	-	1,090,602	1,114,419	23,817
27	335	Hydrants	94,458	-	94,458	94,458	(0)
28	336	Backflow Prevention Devices	456	-	456	456	0
29	339	Other Plant and Misc. Equip.	-	-	-	-	-
30	340	Office Furniture and Fixtures	75,030	-	75,030	(19,436)	(94,467)
31	340.1	Computers and Software	87,575	-	87,575	87,576	1
32	341	Transportation Equipment	128,290	-	128,290	128,291	1
33	342	Stores Equipment	-	-	-	-	-
34	343	Tools and Work Equipment	10,867	-	10,867	10,867	(0)
35	344	Laboratory Equipment	99	-	99	99	(0)
36	345	Power Operated Equipment	-	-	-	-	-
37	346	Communications Equipment	304,268	-	304,268	304,268	0
38	347	Miscellaneous Equipment	521	-	521	521	0
39	348	Other Tangible Plant	643,616	-	643,616	643,616	(0)
40		Rounding	1	(1)	-	-	-
41							
42							
43							
44							
45		TOTALS	\$ 6,745,157	\$ (365,918)	\$ 6,379,239	\$ 6,309,379	\$ (69,860)

47
48 SUPPORTING SCHEDULE
49 B-2, page 4
50 B-2, pages 3.4 through 3.10

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Schedule B-2
 Page 5.0
 Witness: Bourassa

Line No.	Deferred Income Tax as of December 31, 2014	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset		Future Tax Liability	
							Current	Non Current	Current	Non Current
1										
2										
3										
4										
5										
6		Plant-in-Service	\$ 27,455,092 ¹							
7		Accum. Deprec.	(6,309,380) ¹							
8		CIAC	(9,968,513) ³							
9		Fed. Fixed Assets	\$ 11,177,199							
10				100.0%	\$ (3,439,229)	18.15%				(624,122)
11		State Fixed Assets	\$ 11,177,199							
12				100.0%	\$ 339,915	3.085%		10,487		
13		Fed & State AIAC								
14				100.0%	\$ 1,556,849 ⁴	21.23%	\$	330,557		
15										
16										
17		Net Asset (Liability)					\$	341,044	\$	(624,122)
18							\$	(283,077)		
19		Allocation Factor						1.0000		
20										
21		Net Asset (Liability)					\$	(283,077)		
22		DIT Asset (Liability) per Books					\$	-		
23										
24		Adjustment to DIT								
25							\$	283,077		
26										
27										
28										
29										
30										
31										
32										
33										
34										
35										
36										
37										
38										
39										
40										

Footnotes - See page 5.1

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51

¹ Per adjusted book balances, land not included

² Computation of Net Tax Value December 31, 2014

Based on 2014 Tax Depreciation report (December 31, 2014).
 Unadjusted Cost at December 31, 2014 per federal and state tax depr. report
 Reconciling items not on tax report:
 Retirements not Recorded

Net Unadjusted Cost tax Basis at December 31, 2014

Reductions
 Basis Reduction 2014 and Prior Years per federal and state tax depr. report
 Accumulated Depreciation 2014 and prior per federal and state tax depr. report
 Retirements not Recorded

Net Reductions through December 31, 2014
 Net tax value of plant-in-service at December 31, 2014

³ CIAC (including impact of change to probability of realization)

Gross CIAC per adjusted book balances
 CIAC reductions/additions
 A.A per adjusted book balances

Net CIAC before unrealized AIAC

Unrealized AIAC Component
 AIAC per adjusted book balances
 Adjusted Net AIAC (see footnote 5 below)
 Unrealized AIAC Component % (1-Realized AIAC Component)
 Total realizable CIAC

⁴ AIAC (including impact of change in probability of realization)

AIAC per adjusted book balances
 Less: Unrealized AIAC (from Note 3, above)
 Subtotal
 Meter and Service Line Installation Charges as Adjusted
 Total realizable AIAC

FEDERAL	STATE
\$ 15,034,019	\$ 15,034,019
(365,917)	-
-	-
-	-
-	-
-	-
\$ (3,413,227)	\$ 15,034,019
(3,882,822)	(3,882,822)
365,917	365,917
-	-
-	-
\$ (6,930,132)	
\$ 7,737,970	
	(3,516,905)
	\$ 11,517,114

\$ 7,712,717

\$ (1,376,852)

(1,376,852)

\$ 6,335,865

\$ 5,189,497

70.0%

\$ 3,632,648

\$ 9,968,513

\$ 5,189,497

\$ (3,632,648)

\$ 1,556,849

\$ 1,556,849

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Schedule B-2
Page 6
Witness: Bourassa

Line

No.

1	<u>CIAC and Accumulated Amortization</u>		
2			
3			
4			
5	Computed balance at end of TY	\$ 7,712,719	\$ 1,376,852
6			
7	Book balance at end of TY	<u>\$ 7,712,717</u>	<u>\$ 1,368,864</u>
8			
9	Increase (decrease)	\$ 2	\$ 7,988
10			
11			
12	Adjustment to CIAC	<u>\$ 2</u>	<u>\$ (7,988)</u>
13	Label	4a	4b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		
20	B-2, page 6.1 to 6.5		
21			
22			
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36			

**Exhibit
Schedule B-2
Page 6.1
Witness: Bourassa**

Line	No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
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Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Exhibit
Schedule B-2
Page 6.2
Witness: Bourassa

Line No.	Description	Vintage ≤=Sep 2008 >=Oct 2008	2012 Activity	Balance at 12/31/2012	2013 Activity	Balance at 12/31/2013	2014 Activity	Balance at 12/31/2014
1	Contributions-in-Aid (CIAC)							
2	Contributions-in-Aid (CIAC)			4,314,264		4,314,264		4,314,264
3	Contributions-in-Aid (CIAC)							
4	Contributions-in-Aid (CIAC)	2009		103,954		103,954		103,954
5	Contributions-in-Aid (CIAC)	2010		160,671		160,671		160,671
6	Contributions-in-Aid (CIAC)	2011		22,679		22,679		22,679
7	Contributions-in-Aid (CIAC)	2012	900,622	900,622		900,622		900,622
8	Contributions-in-Aid (CIAC)	2013			353,213	353,213		353,213
9	Contributions-in-Aid (CIAC)	2014					1,857,315	1,857,315
10	Total Contributions-in-Aid (CIAC)		900,622	5,502,191	353,213	5,855,404	1,857,315	7,712,719
11	Amortization Rate		3.51%					
12					3.81%		3.62%	
13	Amortization	≤=Sep 2008						
14	Amortization	>=Oct 2008	151,289	842,550	164,454	1,007,005	123,557	1,130,562
15	Amortization	2009						
16	Amortization	2010	3,645	14,234	3,963	18,197	3,761	21,958
17	Amortization	2011	5,634	17,158	6,125	23,283	5,813	29,095
18	Amortization	2012	795	1,624	865	2,489	820	3,309
19	Amortization	2013	31,582	31,582	34,331	65,913	32,582	98,494
20	Amortization	2014			13,464	13,464	12,778	26,242
21	Total Accum Amort		192,946	907,150	223,200	1,130,350	67,191	1,197,541
22								
23								
24	Net CIAC							
25	Net CIAC	≤=Sep 2008		3,471,714		3,307,260		3,183,703
26	Net CIAC	>=Oct 2008						
27	Net CIAC	2009		89,720		89,720		81,996
28	Net CIAC	2010		143,513		137,388		131,576
29	Net CIAC	2011		21,055		20,190		19,370
30	Net CIAC	2012		869,040		834,710		802,128
31	Net CIAC	2013				339,749		326,971
32	Net CIAC	2014						1,790,123
33	Total Net CIAC			4,595,041		4,725,054		6,335,867
34								
35								
36								
37								
38								
39								
40								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	147,022
3	Pumping Power (1/24 of Pumping Power)		5,789
4	Purchased Water (1/24 of Purchased Water)		219
5	Prepaid Expenses		3,106
6	Materials and Supplies		53,450
7			
8			
9	Total Working Capital Allowance	\$	209,586
10			
11			
12	Working Capital Requested	\$	-
13			
14			
15	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
16	E-1	B-1	
17			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 3,287,667	\$ (444,448)	\$ 2,843,219	\$ 332,734	\$ 3,175,952
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	66,391	(12,863)	53,528	-	53,528
5		<u>\$ 3,354,058</u>	<u>\$ (457,311)</u>	<u>\$ 2,896,746</u>	<u>\$ 332,734</u>	<u>\$ 3,229,480</u>
6	Operating Expenses					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	517,999	(512,734)	5,265	-	5,265
9	Purchased Power	157,690	(18,757)	138,933	-	138,933
10	Fuel For Power Production	-	-	-	-	-
11	Chemicals	15,359	(625)	14,734	-	14,734
12	Repairs and Maintenance	102,989	-	102,989	-	102,989
13	Office Supplies and Expense	-	-	-	-	-
14	Contract Services - Accounting	13,497	-	13,497	-	13,497
15	Contract Services - Legal	10,603	-	10,603	-	10,603
16	Contract Services - Eng	7,968	-	7,968	-	7,968
17	Contract Services - Other	126,034	-	126,034	-	126,034
18	Management Fees	682,887	82,274	765,161	-	765,161
19	Contract Services - Water Testing	5,341	-	5,341	-	5,341
20	Rents	1,666	-	1,666	-	1,666
21	Transportation Expenses	20,650	-	20,650	-	20,650
22	Insurance - General Liability	17,137	-	17,137	-	17,137
23	Insurance - Health and Life	-	-	-	-	-
24	Reg. Comm. Exp. - Other	-	-	-	-	-
25	Reg. Comm. Exp. - Rate Case	49,690	310	50,000	-	50,000
26	Miscellaneous Expense	29,504	-	29,504	-	29,504
27	Bad Debt Expense	541	-	541	-	541
28	Depreciation Expense	683,396	37,713	721,109	-	721,109
29	Taxes Other Than Income	10,350	-	10,350	-	10,350
30	Property Taxes	161,187	(6,625)	154,562	5,930	160,492
31	Income Tax	-	102,700	102,700	69,389	172,088
32	Total Operating Expenses	<u>\$ 2,614,487</u>	<u>\$ (315,744)</u>	<u>\$ 2,298,743</u>	<u>\$ 75,318</u>	<u>\$ 2,374,061</u>
33	Operating Income	<u>\$ 739,570</u>	<u>\$ (141,567)</u>	<u>\$ 598,003</u>	<u>\$ 257,415</u>	<u>\$ 855,419</u>
34	Other Income (Expense)					
35	Interest Income	8,066	-	8,066	-	8,066
36	Other income (loss)	79,344	-	79,344	-	79,344
37	Interest Expense	(100,248)	19,924	(80,324)	-	(80,324)
38	Other Expense	(17,406)	-	(17,406)	-	(17,406)
39		-	-	-	-	-
40	Total Other Income (Expense)	<u>\$ (30,244)</u>	<u>\$ 19,924</u>	<u>\$ (10,320)</u>	<u>\$ -</u>	<u>\$ (10,320)</u>
41	Net Profit (Loss)	<u>\$ 709,326</u>	<u>\$ (121,643)</u>	<u>\$ 587,683</u>	<u>\$ 257,415</u>	<u>\$ 845,099</u>

SUPPORTING SCHEDULES:
C-1, page 2.1 and 2.2

RECAP SCHEDULES:
A-1

Exhibit
Schedule C-1
Page 2.1
Witness: Bourassa

43 SUPPORTING SCHEDULES:
44 C-2
45 E-2

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement
(continued)

Exhibit
Schedule C-1
Page 2.2
Witness: Bourassa

Line No.	8	9	10	11	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues						
2	Metered Water Revenues				\$ 2,843,219	\$ 332,734	\$ 3,175,952
3	Unmetered Water Revenues				-		-
4	Other Water Revenues				53,528		53,528
5					\$ 2,896,746	\$ 332,734	\$ 3,229,480
6	Operating Expenses						
7	Salaries and Wages				\$		\$
8	Purchased Water				5,265		5,265
9	Purchased Power				138,933		138,933
10	Fuel For Power Production						
11	Chemicals						
12	Repairs and Maintenance				14,734		14,734
13	Office Supplies and Expense				102,989		102,989
14	Contract Services - Accounting						
15	Contract Services - Legal				13,497		13,497
16	Contract Services - Eng				10,603		10,603
17	Contract Services - Other				7,968		7,968
18	Management Fees				126,034		126,034
19	Contract Services - Water Testing				765,161		765,161
20	Rents				5,341		5,341
21	Transportation Expenses				1,666		1,666
22	Insurance - General Liability				20,650		20,650
23	Insurance - Health and Life				17,137		17,137
24	Reg. Comm. Exp. - Other						
25	Reg. Comm. Exp. - Rate Case						
26	Miscellaneous Expense						
27	Bad Debt Expense						
28	Depreciation Expense				50,000		50,000
29	Taxes Other Than Income				29,504		29,504
30	Property Taxes				541		541
31	Income Tax				721,109		721,109
32	Total Operating Expenses				154,562	5,930	160,492
33	Operating Income				102,700	69,389	172,088
34	Other Income (Expense)				\$ 82,274	\$ 75,318	\$ 2,374,061
35	Interest Income				\$ (8,855)	\$ 257,415	\$ 855,419
36	Other income (loss)						
37	Interest Expense						
38	Other Expense						
39							
40	Total Other Income (Expense)				8,066		8,066
41	Net Profit (Loss)				79,344		79,344
42					(80,324)		(80,324)
43					(17,406)		(17,406)
44							
45							

SUPPORTING SCHEDULES:
C-2
E-2

RECAP SCHEDULES:
A-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustments to Revenues and/or Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.	1	2	3	4	5	6	Subtotal
	<u>Depreciation</u>	Property Taxes	Rate Case Exp.	Revenue Annualization	Usage Normalization	Remove CAGRD Rev./Exp.	
3							
4							
5				24,165	(73,316)	(386,441)	(435,593)
6							
7	37,713	(6,625)	310	1,282	(7,800)	(512,734)	(487,854)
8							
9							
10		6,625	(310)	22,883	(65,516)	126,293	52,261
11							
12							
13							
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2							
	<u>Adjustments to Revenues and Expenses</u>						
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Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Line
No.

1	<u>Depreciation Expense</u>					
2						
3	Acct.			Adjusted		
4	No.	Description	Original	Non-Depr or	Original	Proposed
5			Cost	Fully Depr Plant	Cost	Rates
6						Expense
7	301	Organization Cost	7,541	(7,541)	-	0.00%
8	302	Franchise Cost	352,403	(352,403)	-	0.00%
9	303	Land and Land Rights	13,636	(13,636)	-	0.00%
10	304	Structures and Improvements	401,832	-	401,832	3.33%
11	305	Collecting and Impounding Res.	-	-	-	2.50%
12	306	Lake River and Other Intakes	-	-	-	2.50%
13	307	Wells and Springs	2,142,644	-	2,142,644	3.33%
14	308	Infiltration Galleries and Tunnels	-	-	-	6.67%
15	309	Supply Mains	-	-	-	2.00%
16	310	Power Generation Equipment	549,708	-	549,708	5.00%
17	311	Electric Pumping Equipment	195,407	-	195,407	12.50%
18	320	Water Treatment Equipment	2,001,053	-	2,001,053	3.33%
19	320.1	Water Treatment Plant	-	-	-	3.33%
20	320.2	Chemical Solution Feeders	-	-	-	20.00%
21	320.3	Arsenic Media	152,307	0	152,307	67.00%
22	330	Dist. Reservoirs & Standpipe	1,848,872	-	1,848,872	2.22%
23	330.1	Storage tanks	-	-	-	2.22%
24	330.2	Pressure Tanks	-	-	-	5.00%
25	331	Trans. and Dist. Mains	13,281,054	-	13,281,054	2.00%
26	333	Services	2,256,719	-	2,256,719	3.33%
27	334	Meters	1,489,172	-	1,489,172	8.33%
28	335	Hydrants	732,251	-	732,251	2.00%
29	336	Backflow Prevention Devices	1,660	-	1,660	6.67%
30	339	Other Plant and Misc. Equip.	-	-	-	6.67%
31	340	Office Furniture and Fixtures	160,855	-	160,855	6.67%
32	340.1	Computers and Software	122,607	(67,883)	54,724	20.00%
33	341	Transportation Equipment	139,706	(123,399)	16,307	20.00%
34	342	Stores Equipment	-	-	-	4.00%
35	343	Tools and Work Equipment	37,840	-	37,840	5.00%
36	344	Laboratory Equipment	132	-	132	10.00%
37	345	Power Operated Equipment	-	-	-	5.00%
38	346	Communications Equipment	577,721	-	577,721	10.00%
39	347	Miscellaneous Equipment	695	-	695	10.00%
40	348	Other Tangible Plant	1,002,914	-	1,002,914	10.00%
41	TOTALS		\$ 27,468,728	\$ (564,861)	\$ 26,903,867	\$ 1,010,915
42						
43	Less: Amortization of Contributions				Gross CIAC	Rate
44					\$ 7,712,717	3.7575%
45						\$ (289,806)
46						
47	Total Depreciation Expense					\$ 721,109
48						
49	Test Year Depreciation Expense					683,396
50						
51	Increase (decrease) in Depreciation Expense					37,713
52						
53	Adjustment to Revenues and/or Expenses					\$ 37,713
54						
55	<u>SUPPORTING SCHEDULE</u>					
56	B-2, page 3					
57	B-2, page 4					

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 2,896,746	\$ 2,896,746
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	5,793,493	5,793,493
4	Company Recommended Revenue	2,896,746	3,229,480
5	Subtotal (Line 4 + Line 5)	8,690,239	9,022,973
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,896,746	3,007,658
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	5,793,493	6,015,315
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	11,415	11,415
12	Full Cash Value (Line 9 + Line 10 - Line 11)	5,782,078	6,003,901
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	1,040,774	1,080,702
15	Composite Property Tax Rate	14.8507%	14.8507%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 154,562	\$ 160,492
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 154,562	
19	Test Year Property Taxes	\$ 161,187	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (6,625)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 160,492
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 154,562
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 5,930
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 5,930
27	Increase in Revenue Requirement		\$ 332,734
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.78208%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line

No.

1	<u>Rate Case Expense</u>	
2		
3	Estimated Rate Case Expense	\$ 250,000
4		
5	Rate Case Expense	<u>\$ 250,000</u>
6		
7	Estimated Amortization Period (in Years)	5.0
8		
9	Annual Rate Case Expense	<u>\$ 50,000</u>
10		
11	Test Year Rate Case Expense	\$ 49,690
12		
13	Increase(decrease) Rate Case Expense	<u>\$ 310</u>
14		
15	Adjustment to Revenue and/or Expense	<u>\$ 310</u>
16		
17		
18		
19		
20		
21		
22		
23		
24		

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line
No.

1	<u>Revenue Annualization</u>	
2		
3		
4	Revenue Annualization	\$ 24,165
5		
6	Increase in Metered Revenues	<u>\$ 24,165</u>
7		
8		
9	<u>Purchased Power Annualization</u>	
10		
11	Test Year Purchased Power Expense (net of well charing)	\$ 144,827
12	Gallons Sold (in 1,000's)	438,495
13	Cost per 1,0000 gallons	0.3303
14		
15	Annualized Gallons (in 1,000's)	3,509
16		
17	Increase (decrease) in Purchased Power Expense	<u>\$ 1,159</u>
18		
19	<u>Chemicals Expense Annualization</u>	
20		
21	Test Year Chemicals Expense	\$ 15,359
22	Gallons Sold (in 1,000's)	438,495
23	Cost per 1,0000 gallons	0.0350
24		
25	Annualized Gallons (in 1,000's)	3,509
26		
27	Increase (decrease) in Chemicals Expense	<u>\$ 123</u>
28		
29		
30		
31		
32	Adjustment to Revenue and/or Expense	<u>\$ 22,883</u>
33		
34		
35	<u>SUPPORTING SCHEDULES</u>	
36	Workpapers	
37	H-1	
38		
39		
40		

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Line

No.

1 Revenue Usage Normalization

2

3

4 Revenue Usage Normalization

\$ (73,316)

5

6 Increase(decrease) in Metered Revenues

\$ (73,316)

7

8 Purchased Power Normalization

9

10 Test Year Purchased Power Expense (net of well charing)

\$ 144,827

11 Gallons Sold (in 1,000's)

438,495

12 Cost per 1,0000 gallons

0.3303

13

14 Normalized Gallons Reduction (in 1,000's)

(21,352)

15

16 Increase (decrease) in Purchased Power Expense

\$ (7,053)

17

18

19 Chemicals Expense Normalization

20

21 Test Year Chemicals Expense

\$ 15,359

22 Gallons Sold (in 1,000's)

438,495

23 Cost per 1,0000 gallons

0.0350

24

25 Normalized Gallons Reduction (in 1,000's)

(21,352)

26

27 Increase (decrease) in Chemicals Expense

\$ (747)

28

29

30

31 Adjustment to Revenue and/or Expense

\$ (65,516)

32

33

34 SUPPORTING SCHEDULES

35 Workpapers

36 H-1

37

38

39

40

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Line
No.

1			
2	<u>Remove CAGRD revenues and expenses</u>		
3			Label _____
4	CAGRD Revenues Recorded During Test Year	\$	(386,441)
5			
6	Increase(decrease) in Metered Revenues	\$	(386,441) 6a
7			
8			
9	CAGRD Expenses Recorded During Test Year	\$	(512,734)
10			
11	Increase(decrease) in Purchased Water Expense	\$	(512,734) 6b
12			
13			
14	Adjustment to Revenue and/or Expense	\$	<u>126,293</u>
15			
16	<u>SUPPORTING SCHEDULES</u>		
17	Workpapers		
18			
19			
20			
21			
22			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Line

No.

1 Remove Well Sharing Electric Revenues and Expenses

2

3 CAGR D Revenues Recorded During Test Year

4

5 Increase(decrease) in Misc. Revenues

6

7

8 CAGR D Expenses Recorded During Test Year

9

10 Increase(decrease) in Purchased Power Expense

11

12

13 Adjustment to Revenue and/or Expense

14

15 SUPPORTING SCHEDULES

16 Workpapers

17

18

19

20

21

22

Label

\$ (12,863)

\$ (12,863) 7a

\$ (12,863)

\$ (12,863) 7b

\$ -

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Line

No.

1 Remove Revenues Overbilled

2

3 Revenues from Overbilling

\$ (8,855)

4

5

6

7 Total Revenue from Annualization

\$ (8,855)

8

9

10 Adjustment to Revenue and/or Expense

\$ (8,855)

11

12

13

14

15

16 SUPPORTING SCHEDULES

17 Workpapers

18

19

20

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Line

No.

1 Management Fees

2

3

4 Projected 2015 Management fees

\$ 765,161

5

6 Test Year Management Fees

682,887

7

8 Increase(decrease) in Management Fees

\$ 82,274

9

10

11 Adjustment to Revenue and/or Expense

\$ 82,274

12

13

14

15 SUPPORTING SCHEDULES

16 Workpapers

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Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Adjustment to Revenues and Expenses
 Adjustment Number 10

Exhibit
 Schedule C-2
 Page 11
 Witness: Bourassa

Line
No.

1 Interest Synchronization

2

3

4 Fair Value Rate Base \$ 9,298,032

5 Weighted Cost of Debt 0.86%

6 Interest Expense \$ 80,324

7

8 Test Year Interest Expense \$ 100,248

9

10 Increase (decrease) in Interest Expense (19,924)

11

12

13

14 Adjustment to Revenue and/or Expense \$ 19,924

15

16

17 Weighted Cost of Debt Computation

18

		<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
19 Debt	\$	2,326,035	20.57%	4.20%	0.86%
20 Equity	\$	8,982,660	79.43%	10.50%	8.34%
21 Total	\$	11,308,695	100.00%		9.20%

22

23

24

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

Line
No.

Income Taxes

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Compauted Income Tax
Test Year Income tax Expense
Adjustment to Income Tax Expense

	Test Year at Present Rates	Test Year at Proposed Rates
	\$ 102,700	\$ 172,088
	-	102,700
	<u>\$ 102,700</u>	<u>\$ 69,389</u>

SUPPORTING SCHEDULE
C-3, page 2

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	18.15%
2		
3	State Income Taxes	3.09%
4		
5	Uncollectibles	0%
6		
7	Property Taxes	1.40%
8		
9		
10	Total Tax Percentage	22.64%
11		
12	Operating Income % = 100% - Tax Percentage	77.36%
13		
14		
15		
16		
17	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor	
18		1.2926
19		
20	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
21		A-1
22		

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	22.6361%					
5	Subtotal (L3 - L4)	77.3639%					
6	Revenue Conversion Factor (L1 / L5)	1.292593					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	21.2324%					
9	One Minus Combined Income Tax Rate (L7 - L8)	78.7676%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate (L55 Col [E])	3.0853%					
14	Federal Taxable Income (L12 - L13)	96.9147%					
15	Applicable Federal Income Tax Rate (Line 44)	18.7249%					
16	Effective Federal Income Tax Rate (L14 x L15)	18.1471%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		21.2324%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	21.2324%					
20	One Minus Combined Income Tax Rate (L18-L19)	78.7676%					
21	Property Tax Factor	1.7821%					
22	Effective Property Tax Factor (L20*L21)		1.4037%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			22.6361%			
24	Required Operating Income	\$ 855,419					
25	Adjusted Test Year Operating Income (Loss)	\$ 598,003					
26	Required Increase in Operating Income (L24 - L25)		\$ 257,416				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 172,088					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ 102,700					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 69,389				
30	Recommended Revenue Requirement	\$2,797,809					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 160,492					
36	Property Tax on Test Year Revenue	\$ 154,562					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 5,930				
38	Total Required Increase in Revenue (L26 + L29 + L34+L37)		\$ 332,734				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Revenue	\$ 2,896,746	\$ 2,896,746	\$ 3,229,480	\$ 3,229,480	
40	Operating Expenses Excluding Income Taxes	\$ 2,196,044	\$ 2,196,044	\$ 2,201,973	\$ 2,201,973	
41	Synchronized Interest (L47)	\$ 80,324	\$ 80,324	\$ 80,324	\$ 80,324	
42	Arizona Taxable Income (L39 - L40 - L31)	\$ 620,379	\$ 620,379	\$ 947,184	\$ 947,184	
43	Arizona State Income Tax Rate (see Schedule C-3, page 3 and 4)	2.7401%	2.7401%	2.8592%	2.8592%	
44	Arizona Income Tax (L42 x L43)	\$ 16,999	\$ 16,999	\$ 27,082	\$ 27,082	
45	Federal Taxable Income (L42 - L44)	\$ 603,380	\$ 603,380	\$ 920,102	\$ 920,102	
46	Federal Tax Rate (see Schedule C-3, page 3 and 4)	14.2034%	14.2034%	15.7598%	15.7598%	
47	Federal Income Taxes (L45xL46)	\$ 85,700	\$ 85,700	\$ 145,006	\$ 145,006	
48						
49						
50						
51	Total Federal Income Tax (L47)	\$ 85,700	\$ 85,700	\$ 145,006	\$ 145,006	
52	Combined Federal and State Income Tax (L44 + L47)	\$ 102,700	\$ 102,700	\$ 172,088	\$ 172,088	\$ -
53	COMBINED Applicable Federal Income Tax Rate [Col. (D), L51 - Col. (A), L51] / [Col. (D), L45 - Col. (A), L45]			18.7249%		
54	Applicable Federal Income Tax Rate [Col. (E), L51 - Col. (B), L51] / [Col. (E), L45 - Col. (B), L45]			18.7249%		
55	Applicable State Income Tax Rate [Col. (E), L44 - Col. (B), L44] / [Col. (E), L42 - Col. (B), L42]			3.0853%		

<u>Calculation of Interest Synchronization:</u>	
56	Rate Base
57	Weighted Average Cost of Debt
58	Synchronized Interest (L56 X L57)

Water	
\$ 9,298,032	
0.8639%	
\$ 80,324	

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

End of Test Year

End of Projected Year

Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	2,326,035	20.57%	4.20%	0.86%	2,209,677	19.54%	4.20%	0.82%
2									
3	Member Equity	8,982,660	79.43%	10.50%	8.34%	9,100,197	80.46%	10.50%	8.45%
4									
5	Totals	\$ 11,308,695	100.00%		9.20%	\$ 11,309,874	100.00%		9.27%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
A-3

D-1
D-3
D-4
E-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year			End of Projected Year				
		Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA Loan	2,326,035	97,693	4.20%	4.20%	2,209,677	92,806	4.20%	4.20%
2		-	-	0.00%	0.00%	-	-	0.00%	0.00%
3		-	-	0.00%	0.00%	-	-	0.00%	0.00%
4		-	-	0.00%	0.00%	-	-	0.00%	0.00%
5		-	-	0.00%	0.00%	-	-	0.00%	0.00%
6		-	-	0.00%	0.00%	-	-	0.00%	0.00%
7		-	-	0.00%	0.00%	-	-	0.00%	0.00%
8		-	-	0.00%	0.00%	-	-	0.00%	0.00%
9		-	-	0.00%	0.00%	-	-	0.00%	0.00%
10		-	-	0.00%	0.00%	-	-	0.00%	0.00%
11		-	-	0.00%	0.00%	-	-	0.00%	0.00%
12		-	-	0.00%	0.00%	-	-	0.00%	0.00%
13	Totals	\$ 2,326,035	\$ 97,693		4.20%	\$ 2,209,677	\$ 92,806		4.20%

15 SUPPORTING SCHEDULES:
16 E-2
17
18
19
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Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line <u>No.</u>	Description <u>of Issue</u>	<u>End of Test Year</u>			<u>End of Projected Year</u>		
		<u>Shares</u> <u>Outstanding</u>	<u>Amount</u>	<u>Dividend</u> <u>Requirement</u>	<u>Shares</u> <u>Outstanding</u>	<u>Amount</u>	<u>Dividend</u> <u>Requirement</u>
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>		
18	E-1				D-1		
19							
20							

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line
No.

1

2

The Company is proposing a cost of common equity of 10.50% .

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SUPPORTING SCHEDULES:

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E-1

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RECAP SCHEDULES:

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D-1

Sahuarita Water Company, LLC
Summary of Results

Exhibit
Schedule D-4.1
 Witness: Bourassa

Line No.		<u>Indicated</u> <u>Cost of Equity for</u> <u>Water Sample Group</u>		<u>Indicated</u> <u>Cost of Equity for</u> <u>Sahuarita Water Company, LLC</u>		1
1	DCF Constant Growth - Schedule D-4-7	9.4%	to	9.7%	to	10.7%
2	Risk Premium Model - Schedule D-4.9			10.6%		11.6%
3	CAPM - Schedule D-4.11	9.4%	to	11.0%	to	12.0%
4	Range of Cost of Equity Estimates	9.8%	to	10.4%	to	11.4%
5	Financial Risk Adjustment - Schedule D-4.14			0.0%		-0.40%
6	Adjusted Range of Cost of Equity Estimates	9.8%	to	10.4%	to	11.0%
7	Mid-point			10.1%		10.7%
8	Cost of Equity Recommendation					10.5%

Notes:

¹Estimates include an equity risk premium of 100 basis points based on comparative risk study. See Testimony.

Sahuarita Water Company, LLC
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Schedule D-4.2
 Witness: Bourassa

Line No.	Company	Symbol	% Water Revenues ¹	Operating Revenues (millions) ¹	Net Plant (millions) ¹	S&P Bond Rating ¹	Moody's Bond Rating ¹	Allowed ROE (%) ¹	Value Line Beta ²	Market Capitalization ²	Size Category ³
1	American States Water	AWR	70%	\$ 465.8	\$ 998.9	A+	A2	9.43	0.70	\$ 1,471.5	Low-Cap
2	Aqua America	WTR	97%	\$ 779.9	\$ 4,402.0	AA-	NR	9.79	0.75	\$ 4,667.4	Mid cap
3	California Water	CWT	100%	\$ 597.5	\$ 1,571.7	AA-	NR	9.43	0.75	\$ 1,142.6	Low-Cap
4	Connecticut Water	CTWS	100%	\$ 94.8	\$ 494.6	A/A-	NR	9.63	0.70	\$ 391.0	Micro-cap
5	Middlesex	MSEX	86%	\$ 117.1	\$ 465.4	A	NR	9.75	0.75	\$ 356.4	Micro-cap
6	SJW Corp.	SJW	96%	\$ 319.7	\$ 943.7	A	NR	9.43	0.80	\$ 609.4	Micro-cap
7	York Water Company	YORW	100%	\$ 45.9	\$ 250.5	A-	NR	NM	0.75	\$ 297.2	Micro-cap
8	Average		93%	\$ 345.8	\$ 1,303.8			9.58	0.74	\$ 1,276.5	Low-Cap
9	Sahuarita Water Company, LLC		100%	\$ 3.4	\$ 21.2	NR	NR	-			

Notes:

¹AUS Utility Reports (April 2015).

²Value Line Analyzer Data (Weekly as of May 14, 2015)

³ See Schedule D-4.15 for definitions of size category

Sahuarita Water Company, LLC
Capital Structures

Exhibit
Schedule D-4.3
Witness: Bourassa

Line No.	Company	Symbol	Book Value ¹		Market Value ¹	
			Long-Term Debt	Common Equity	Long-Term Debt	Common Equity
1	American States Water	AWR	39.8%	60.2%	18.1%	81.9%
2	Aqua America	WTR	48.9%	51.1%	23.9%	76.1%
3	California Water	CWT	41.6%	58.4%	27.2%	72.8%
4	Connecticut Water	CTWS	47.0%	53.0%	30.9%	69.1%
5	Middlesex	MSEX	40.7%	59.3%	26.7%	73.3%
6	SJW Corp.	SJW	51.0%	49.0%	35.5%	64.5%
7	York Water Company	YORW	45.0%	55.0%	22.2%	77.8%
8	Average		44.9%	55.1%	26.4%	73.6%
9	Sahuarita Water Company, LLC	Proforma	20.6%	79.4%	N/A	N/A

¹ Value Line Analyzer Data (Weekly as of May 14, 2015)

Sahuarita Water Company, LLC
Comparisons of Past and Future Estimates of Growth

Exhibit
Schedule D-4.4
 Witness: Bourassa

Line No.	[1] <u>Price¹</u>	[2] <u>Five-year historical average annual changes</u> Book <u>Value²</u>	[3] <u>EPS²</u>	[4] <u>DPS²</u>	[5] <u>Average Historical Growth</u>	[6] <u>Value Line Projected Growth²</u>	[7] <u>Average of Historical and Proj. Grwth</u>
1	16.07%	6.50%	13.00%	6.50%	10.52%	6.50%	8.51%
2	11.70%	6.00%	11.00%	7.00%	8.92%	8.00%	8.46%
3	4.27%	4.50%	4.00%	1.50%	3.57%	7.00%	5.28%
4	12.77%	8.00%	8.00%	2.00%	7.69%	6.50%	7.10%
5	8.36%	3.00%	1.50%	1.50%	3.59%	5.50%	4.55%
6	4.38%	2.50%	NMF	3.50%	3.46%	6.50%	4.98%
7	8.44%	5.00%	5.00%	2.50%	5.23%	7.00%	6.12%
8	9.43%	5.07%	7.08%	3.50%	6.14%	6.71%	6.43%

Notes:

¹ Average of changes in annual stock prices ending on December 31 through 2014. Data from Yahoo Finance website.

² Value Line Analyzer, weekly as of May 14, 2015.

Sahuarita Water Company, LLC
Comparisons of Past and Future Estimates of Growth

Exhibit
Schedule D-4.5
 Witness: Bourassa

Line No.	[1] Company	[2] Price ¹	[3] <u>Ten-year historical average annual changes</u>			[4] Book Value ²	EPS ²	DPS ²	[5] Average Col 1-4	[6] Value Line Growth ²	[7] Average of Historical and Proj. Grwth
1	American States Water	12.91%				5.50%	9.00%	4.00%	7.85%	6.50%	7.18%
2	Aqua America	10.31%				8.00%	8.50%	7.50%	8.58%	8.00%	8.29%
3	California Water	10.19%				5.50%	5.50%	1.00%	5.55%	7.00%	6.27%
4	Connecticut Water	6.58%				6.00%	2.50%	1.50%	4.14%	6.50%	5.32%
5	Middlesex	4.38%				4.50%	3.50%	1.50%	3.47%	5.50%	4.48%
6	SJW Corp.	12.91%				5.50%	3.50%	4.50%	6.60%	6.50%	6.55%
7	York Water Company	8.21%				7.00%	5.50%	4.50%	6.30%	7.00%	6.65%
8	GROUP AVERAGE	9.35%				6.00%	5.43%	3.50%	6.07%	6.71%	6.39%

Notes:

¹ Average of changes in annual stock prices ending December 31, 2014. Data from Yahoo Finance website.

² Value Line Analyzer Data, weekly as of May 14, 2015.

Sahuarita Water Company, LLC
Current Dividend Yields for Water Utility Sample Group

Exhibit
Schedule D-4.6
 Witness: Bourassa

Line No.	Company	[1] Stock Price (P ₀) ¹	[2] Current Dividend (D ₀) ¹	[3] Current Dividend Yield (D ₀ /P ₀)	[4] Average Annual Dividend Yield (D ₀ /P ₀) ^{1,2}
1	1. American States Water	\$ 38.66	\$ 0.88	2.28%	2.75%
2	2. Aqua America	\$ 26.56	\$ 0.70	2.64%	2.36%
3	3. California Water	\$ 24.01	\$ 0.67	2.79%	3.12%
4	4. Connecticut Water	\$ 35.16	\$ 1.07	3.04%	3.21%
5	5. Middlesex	\$ 21.79	\$ 0.78	3.58%	3.71%
6	6. SJW Corp.	\$ 30.11	\$ 0.79	2.62%	2.68%
7	7. York Water Company	\$ 22.76	\$ 0.61	2.68%	2.80%
8	GROUP AVERAGE			2.80%	2.95%

Notes:

¹ Stock prices as of May 22, 2015. Indicated Dividend from Value Line Analyzer weekly as of May 14, 2015.

² Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

Sahuarita Water Company, LLC
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Schedule D-4.7 (page 1)
Witness: Bourassa

Line No.	[1] Dividend Yield (D_0/P_0) ¹	[2] Expected Dividend Yield (D_1/P_0) ²	[3] Value Line Projected Growth (g) ³	[4] Indicated Cost of Equity (COE) $k = \text{Div Yld} + g$ (Cols 2+3)
1	2.28%	2.42%	+	8.92%
2	2.64%	2.85%	+	10.85%
3	2.79%	2.99%	+	9.99%
4	3.04%	3.24%	+	9.74%
5	3.58%	3.78%	+	9.28%
6	2.62%	2.79%	+	9.29%
7	2.68%	2.87%	+	9.87%
8	Average	2.99%	6.71%	9.71%

Notes:

¹ Spot Dividend Yield = D_0/P_0 . See Schedule D-4.6.

² Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.

³ Value Line Growth rate (g). See Schedule D-4.5, Col. 6.

Sahuarita Water Company, LLC
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Schedule D-4.7 (page 2)
Witness: Bourassa

Line No.	[1] Dividend Yield (D_0/P_0) ¹	[2] Expected Dividend Yield (D_1/P_0) ²	[3] Average of Historical and Proj. Growth ³	[4] Indicated Cost of Equity (COE) $k = \text{Div Yld} + g$ (Cols 2+3)
1	2.28%	2.47%	+	10.98%
2	2.64%	2.86%	+	11.32%
3	2.79%	2.94%	+	8.22%
4	3.04%	3.26%	+	10.36%
5	3.58%	3.74%	+	8.29%
6	2.62%	2.75%	+	7.73%
7	2.68%	2.84%	+	8.96%
8	Average			9.41%

Notes:

¹ Spot Dividend Yield = D_0/P_0 . See Table 7.

² Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.

³ Historical Growth rate (g). See Schedule D-4.5 Col. 7.

Sahuarita Water Company, LLC
Forecasts of Long-Term Interest Rates

Exhibit
Schedule D-4.8
 Witness: Bourassa

Line No.		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Average</u>
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts ¹				
3	Value Line ²	3.70%	4.30%	4.70%	
4	Average	3.60%	4.20%	4.40%	4.2%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts ¹				
7	Value Line ²	4.70%	5.40%	5.80%	
8	Average	4.60%	5.50%	5.30%	5.2%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts ¹				
11	Value Line ²	5.60%	6.10%	6.60%	
12	Average				6.1%

Notes:

¹ Blue Chip consensus forecasts (June 2015).

² Value Line Quarterly forecasts dated May 23, 2014.

Sahuarita Water Company, LLC
Risk Premium Analysis Based on Total Returns

Exhibit
Schedule D-4.9
Witness: Bourassa

Line No.	Annual Total Return ¹	Treasury Bond Yields ²	Annual Risk Premiums
1	1999	5.87%	20.41%
2	2000	5.94%	-3.24%
3	2001	5.49%	10.51%
4	2002	5.42%	-9.58%
5	2003	5.05%	18.67%
6	2004	5.12%	8.66%
7	2005	4.56%	14.46%
8	2006	4.91%	10.95%
9	2007	4.84%	-7.55%
10	2008	4.28%	-6.15%
11	2009	4.08%	-4.28%
12	2010	4.25%	11.01%
13	2011	3.91%	-2.39%
14	2012	2.92%	12.16%
15	2013	3.45%	16.89%
16	2014	2.59%	12.39%
17	16-Year Average	4.5%	6.4%
18	Expected Long-term Treasury Bond Rate ³		4.2%
19	Projected Returns on Equity for Sample		10.6%

Notes:

¹ Composite of average total returns for water utilities. Data from Value Line Analyzer software.

² As reported by the Federal Reserve.

³ Source is Schedule D-4.8.

Sahuarita Water Company, LLC
Estimation of Current Market Risk Premium
Using DCF Analysis

Exhibit
Schedule D-4.10
Witness: Bourassa

Line No.	Month	Dividend Yield (D_t/P_0) ¹	Expected Dividend Yield (D_t/P_0) ²	Expected Growth (g) ³	Expected Market Return (k)	Monthly Average 30 Year Treasury Rate ⁴	Expected Market Risk Premium (MRP)
1	May 2014	2.37%	2.59%	+	12.01%	3.39%	8.62%
2	June	2.34%	2.56%	+	11.89%	3.42%	8.47%
3	July	2.42%	2.65%	+	12.15%	3.33%	8.82%
4	Aug	2.38%	2.61%	+	12.11%	3.20%	8.91%
5	Sept	2.82%	3.10%	+	12.93%	3.26%	9.67%
6	Oct	2.45%	2.68%	+	12.18%	3.04%	9.14%
7	Nov	2.38%	2.61%	+	12.27%	3.04%	9.23%
8	Dec	2.44%	2.67%	+	12.34%	2.83%	9.51%
9	Jan 2015	2.45%	2.68%	+	12.18%	2.46%	9.72%
10	Feb	2.38%	2.61%	+	12.11%	2.57%	9.54%
11	Mar	2.42%	2.64%	+	11.81%	2.63%	9.18%
12	Apr	2.40%	2.61%	+	11.61%	2.59%	9.02%
13	Recommended	2.40%	2.62%	+	11.84%	2.60%	9.25%
14	Short-term Trends						
15	Recent Twelve Months Avg	2.44%	2.67%	+	12.13%	2.98%	9.15%
16	Recent Nine Months Avg	2.46%	2.69%	+	12.17%	2.85%	9.32%
17	Recent Six Months Avg	2.41%	2.64%	+	12.05%	2.69%	9.37%
18	Recent Three Months Avg	2.40%	2.62%	+	11.84%	2.60%	9.25%

Notes:

- ¹ Average Dividend Yield (D_t/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
- ² Expected Dividend Yield (D_t/P_0) equals current average dividend yield (D_t/P_0) times one plus growth rate(g).
- ³ Median of Projected EPS, Projected DPS Growth and Projected BV Growth for VL 1700 stocks. Data from Value Line Investment Analyzer Software.
- ⁴ Monthly average 30 year U.S. Treasury. Federal Reserve.

Sahuarita Water Company, LLC
Traditional Capital Asset Pricing Model (CAPM)
Exhibit
Schedule D-4.11
Witness: Bourassa

Line No.	<u>Rf</u> ¹	+	<u>beta</u> ²	x	<u>RP_M</u>	=	<u>k</u>
1	Historical Market Risk Premium CAPM	4.2%	+	0.74	x	7.00% ³	= 9.4%
2	Current Market Risk Premium CAPM	4.2%	+	0.74	x	9.25% ⁴	= 11.0%
3	Average						10.2%

Notes:

¹ Forecasts of long-term treasury yields. See Schedule D-4.8.

² Value Line Investment Analyzer data. See Schedule D-4.3.

³ Historical Market Risk Premium Duff & Phelps 2015 Valuation Handbook, Appendix 3, Long-Horizon ERP.

⁴ See Schedule D-4.10.

Sahuarita Water Company, LLC
Financial Risk Computation
Unlevered Beta

Exhibit
Schedule D-4.12
Witness: Bourassa

Line No.	Company	VL Beta β_L^1	Raw Beta β_L^2	Tax Rate t^3	MV Debt D^4	MV Equity E^4	Unlevered Raw Beta β_{UL}^5
1	American Water Worl	0.70	0.55	36.3%	18.1%	81.9%	0.48
2	Aqua America	0.75	0.63	10.0%	23.9%	76.1%	0.49
3	California Water	0.75	0.63	30.3%	27.2%	72.8%	0.50
4	Connecticut Water	0.70	0.55	28.0%	30.9%	69.1%	0.42
5	Middlesex	0.75	0.63	34.1%	26.7%	73.3%	0.51
6	SJW Corp.	0.80	0.70	38.7%	35.5%	64.5%	0.52
7	York Water	0.75	0.63	37.6%	22.2%	77.8%	0.53
12							
13	Sample Water Utilities:	0.74	0.62	30.7%	26.4%	73.6%	0.49
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

¹ Value Line Investment Analyzer data. See Schedule D-4.1.

Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:

Adjusted beta = .33 + (.67) * Raw beta

² Raw Beta = (VL beta - .33)/(.67)

³ Effective tax rates for year ended December 31, 2013.

⁴ See Schedule D-4.2.

⁵ Raw β_{UL} = Raw $\beta_L / (1 + (1-t)*D/E)$

Sahuarita Water Company, LLC
Financial Risk Computation
Relevered Beta

Exhibit
Schedule D-4.13
Witness: Bourassa

Line No.	Unlevered Raw Beta β_{UL}^1	MV Book Debt BD^2	MV Equity Capital EC^2	Tax Rate t_c^3	Relevered Raw Beta $\beta_{RL} = \beta_U (1 + (1-t)BD/EC)$	Adjusted Relevered Beta β_{RL}
1						
2						
3						
4						
5	0.49	9.9%	90.1%	21.23%	0.54	0.69
6						
7						
8						
9						
10						
11						
12						
13	¹ Unlevered Beta from Unlevered Beta tab in WP.					
14	² Proforma Capital Structure of Company per D-1					
15						
16						
17		BV (in Thousands)	MV (in Thousands)	MV %		
18	Long-term Debt	\$ 2,326	\$ 2,326	9.90%		
19	Preferred Stock	\$ -	-	0.0%		
20	Common Stock	\$ 8,983	21,281	90.1%		
21	Total Capital	\$ 11,309	\$ 23,607	100.0%		
22	(a) Current market-to-book ratio of sample water utilities. See work papers.					
23						
24	³ Current Tax rate based on test year ending 12/31/2013. See Schedule C-5.					
25						
26						

Sahuarita Water Company, LLC
Financial Risk Computation

Exhibit
Schedule D-4.14
Witness: Bourassa

Line

No.

CAPM

Historical Market Risk Premium	Rf	+	β	x	(Rp)	=	k
Current Market Risk Premium	4.2%	1	0.74	2	7.00%	3	9.4%
	4.2%	1	0.74	2	9.25%	4	11.0%
Average							10.2%

CAPM Relevered Beta

Historical Market Risk Premium	Rf	+	β	x	(Rp)	=	k
Current Market Risk Premium	4.2%	1	0.69	5	7.00%	3	9.0%
	4.2%	1	0.69	5	9.25%	4	10.6%
Average							9.8%

Indicated Financial Risk Adjustment

-0.4%

¹ Forecast of long-term treasury yields. See Schedule D-4.8.

² Value Line Investment Analyzer data. See Schedule D-4.1.

³ Historical Market Risk Premium from (Rp) Duff & Phelps 2015 Valuation Handbook Appendix3 Long-Horizon ERP 1926-2013.

⁴ Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.10.

⁵ Relevered beta found on Relevered Beta. See Schedule D-4.15.

18
19
20
21
22
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24
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Sahuarita Water Company, LLC
Risk Premium¹

Exhibit
Schedule D-4.15
Witness: Bourassa

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities ⁷
1	Mid-Cap Companies ²	1.12	1.07%	
2	Low-Cap Companies ³	1.22	1.80%	
3	Micro-Cap Companies ⁴	1.35	3.74%	
4	Decile 10 ⁵	1.40	5.78%	3.25%
5	Estimated Risk Premium for small utilities ⁶			0.99%
6	Estimated Risk Premium for Company ⁸			1.30% to 1.80%

¹ Data from Table 4-7 of Duff & Phelps, 2015 Valuation Handbook Guide to Cost of Capital.

² Mid-Cap companies includes companies with market capitalization between \$2,552 million and \$10,106 million.

³ Low-Cap companies includes companies with market capitalization between \$549 million and \$2,552 million.

⁴ Micro-Cap companies includes companies with market capitalization less than \$549 million.

⁵ Decile 10 includes companies with market capitalization less than \$301 million.

⁶ From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.

⁷ Computed as the weighted differences between the Micro-Cap risk premium and the indicated risk premiums for the sample water utilities as shown below. Excludes risk due to differences in beta.

	Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1. American States	\$ 1,472	Low-Cap	1.80%	3.98%	0.14285714	0.57%
2. Aqua America	\$ 4,667	Mid-Cap	1.07%	4.71%	0.14285714	0.67%
3. California Water	\$ 1,143	Low-Cap	1.80%	3.98%	0.14285714	0.57%
4. Connecticut Water	\$ 391	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
5. Middlesex	\$ 356	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
6. SJW Corp.	\$ 609	Micro-Cap	1.80%	3.98%	0.14285714	0.57%
7. York Water Company	\$ 297	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
	Average		2.53%	Wghtd Size Prem. for Small Utilities		3.25%

⁸ Results of Comparative Risk Study. See work papers.

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Year Ended 12/31/2013	Year Ended 12/31/2012
1	ASSETS			
2	Plant In Service	\$ 27,471,416	\$ 27,241,418	\$ 26,829,255
3	Non-Utility Plant, net	72,842	71,951	70,792
4	Construction Work in Progress	194,370	62,683	71,025
5	Less: Accumulated Depreciation	(6,745,157)	(5,801,573)	(4,819,975)
6	Less: Accum. Depr. Non-Utility Property	(30,819)	(25,990)	(21,230)
7	Net Plant	\$ 20,962,653	\$ 21,548,488	\$ 22,129,866
8				
9				
10	Debt Reserve Funds	\$ 201,231	\$ 158,867	\$ 116,502
11				
12	CURRENT ASSETS			
13	Cash and Equivalents	\$ 1,731,010	\$ 3,233,843	\$ 2,713,003
14	Restricted Cash	-	-	-
15	Short-term Investments	-	-	-
16	Accounts Receivable, Net	-	-	-
17	Accounts Receivable -Other	-	-	-
18	Materials and Supplies	53,450	61,048	57,545
19	Prepayments	3,106	7,227	5,497
20	Other Current Assets	2,400	2,139	2,459
21	Total Current Assets	\$ 1,789,967	\$ 3,304,257	\$ 2,778,503
22				
23	Deferred Debits	\$ 84,938	\$ 83,302	\$ 138,622
24				
25	Other Assets	\$ -	\$ -	\$ -
26				
27	TOTAL ASSETS	\$ 23,038,789	\$ 25,094,914	\$ 25,163,493
28				
29	LIABILITIES AND STOCKHOLDERS' EQUITY			
30	Member Equity	\$ 8,982,660	\$ 10,340,896	\$ 10,039,753
31				
32	Long-Term Debt, less current	\$ 2,326,035	\$ 2,437,609	\$ 2,544,596
33				
34	CURRENT LIABILITIES			
35	Accounts Payable	\$ 2,912	\$ -	\$ -
36	Current Portion of Long-Term Debt	-	-	-
37	Current Portion of AIAC	-	-	-
38	Payables to Associated Companies	-	-	-
39	Security Deposits	52,876	46,867	51,582
40	Taxes Payable	100,960	85,987	78,255
41	Accrued Employee expenses	-	-	-
42	Accrued Interest	-	-	-
43	Other Current Liabilities	39,994	279,458	237,680
44	Total Current Liabilities	\$ 196,743	\$ 412,312	\$ 367,517
45				
46	DEFERRED CREDITS			
47	Advances in Aid of Construction	\$ 5,189,497	\$ 7,150,698	\$ 7,595,567
48	Accumulated Deferred Income Taxes	-	-	-
49	Contributions In Aid of Construction	7,712,717	5,855,402	5,502,189
50	Accumulated Amortization of CIAC	(1,368,864)	(1,102,004)	(886,129)
51				
52	Total Deferred Credits	\$ 11,533,351	\$ 11,904,097	\$ 12,211,627
53				
54	Total Liabilities & Common Equity	\$ 23,038,789	\$ 25,094,914	\$ 25,163,493

SUPPORTING SCHEDULES:
E-5

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1	Revenues			
2	Metered Water Revenues	\$ 3,287,667	\$ 3,198,463	\$ 3,201,146
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	66,391	65,742	65,828
5	Total Revenues	\$ 3,354,058	\$ 3,264,205	\$ 3,266,974
6	Operating Expenses			
7	Salaries and Wages	\$ -	\$ -	\$ -
8	Purchased Water	517,999	444,797	332,409
9	Purchased Power	157,690	168,392	204,199
10	Fuel For Power Production	-	-	-
11	Chemicals	15,359	14,791	13,684
12	Repairs and Maintenance	102,989	70,345	75,477
13	Office Supplies and Expense	-	-	-
14	Contract Services - Accounting	13,497	64,062	5,186
15	Contract Services - Legal	10,603	15,742	9,202
16	Contract Services - Eng	7,968	6,441	32,665
17	Contract Services - Other	126,034	113,985	103,872
18	Management Fees	682,887	550,990	565,044
19	Contract Services - Water Testing	5,341	3,754	3,904
20	Rents	1,666	1,538	1,404
21	Transportation Expenses	20,650	18,146	16,787
22	Insurance - General Liability	17,137	17,037	19,845
23	Insurance - Health and Life	-	-	-
24	Reg. Comm. Exp. - Other	-	-	-
25	Reg. Comm. Exp. - Rate Case	49,690	49,690	49,690
26	Miscellaneous Expense	29,504	27,175	20,277
27	Bad Debt Expense	541	222	370
28	Depreciation Expense	683,396	788,453	721,946
29	Taxes Other Than Income	10,350	10,901	8,481
30	Property Taxes	161,187	133,363	108,483
31	Income Tax	-	-	-
32				
33	Total Operating Expenses	\$ 2,614,487	\$ 2,499,823	\$ 2,292,924
34	Operating Income	\$ 739,570	\$ 764,382	\$ 974,050
35	Other Income (Expense)			
36	Interest Income	8,066	6,249	3,126
37	Other income (loss)	79,344	97,271	91,369
38	Interest Expense	(100,248)	(104,821)	(109,222)
39	Other Expense	(17,406)	(11,937)	(10,435)
40				
41	Total Other Income (Expense)	\$ (30,244)	\$ (13,239)	\$ (25,162)
42	Net Profit (Loss)	\$ 709,326	\$ 751,143	\$ 948,888

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
A-2

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1				
2				
3	Cash Flows from Operating Activities			
4	Net Income	\$ 709,326	\$ 751,143	\$ 948,888
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	683,396	788,453	721,946
8	Adjustments to Depreciation and Amortization	(6,672)	(22,730)	
9	Other			
10	Changes in Certain Assets and Liabilities:			
11	Accounts Receivable	-		
12	Deferred Debits	(1,636)	55,318	22,622
13	Materials and Supplies Inventory	7,598	(3,504)	(6,150)
14	Prepaid Expenses	4,122	(1,730)	(2,025)
15	Accounts Payable	2,912	-	(49,923)
16	Non-Utility Plant	3,938	3,601	(10,293)
17	Customer Meter Deposits	6,009	(4,715)	(11,093)
18	Taxes Payable	14,973	7,732	54,936
19	Debt Reserve Fund	(42,364)	(42,365)	(42,364)
20	Other assets and liabilities	(239,726)	42,099	32,233
21	Net Cash Flow provided by Operating Activities	\$ 1,141,876	\$ 1,573,302	\$ 1,658,777
22	Cash Flow From Investing Activities:			
23	Capital Expenditures	(361,685)	(403,821)	(416,642)
24	Plant Held for Future Use			
25	Change In Short-term Investments			
26	Net Cash Flows from Investing Activities	\$ (361,685)	\$ (403,821)	\$ (416,642)
27	Cash Flow From Financing Activities			
28	Change in Restricted Cash	-	-	-
29	Net Receipts of Advances-in-Aid of Construction	(1,961,202)	(444,868)	(1,185,124)
30	Net Receipts of Contributions-in-Aid of Construction	1,857,315	353,213	900,622
31	Repayments of Long-Term Debt	(111,574)	(106,987)	(102,600)
32	Deferred Financing Costs			
33	Member capital contributions, net	(2,067,562)	(450,000)	(328,049)
34				
35	Net Cash Flows Provided by Financing Activities	\$ (2,283,023)	\$ (648,642)	\$ (715,151)
36	Increase(decrease) in Cash and Cash Equivalents	(1,502,832)	520,839	526,984
37	Cash and Cash Equivalents at Beginning of Year	3,233,843	2,713,004	2,186,020
38	Cash and Cash Equivalents at End of Year	\$ 1,731,011	\$ 3,233,843	\$ 2,713,004

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
A-5

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line
No.

	Member	
	<u>Equity</u>	<u>Total</u>
1		
2		
3		
4	Balance, Dec 31, 2011	\$ 9,418,914 \$ 9,418,914
5	Distributions. Net	(328,049) (328,049)
6	Net Income	948,888 948,888
7		-
8	Balance, Dec 31, 2012	\$ 10,039,753 \$ 10,039,753
9	Distributions. Net	(450,000) (450,000)
10	Net Income	751,143 751,143
11		-
12	Balance, Dec 31, 2013	\$ 10,340,896 \$ 10,340,896
13	Distributions. Net	(2,067,562) (2,067,562)
14	Net Income	709,326 709,326
15		-
16	Balance, Dec 31, 2014	\$ 8,982,660 \$ 8,982,660
17		
18		
19		
20		
21		
22		
23	<u>SUPPORTING SCHEDULES:</u>	

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line	Acct.		Plant	Plant	Plant
No.	No.	Plant Description	Balance	Additions, Reclass- ifications or Retirements	Balance
			at		at
			12/31/2013		12/31/2014
1					
2	301	Organization Cost	\$ 7,541	\$ (0)	\$ 7,541
3	302	Franchise Cost	352,403	(0)	352,403
4	303	Land and Land Rights	13,636	(0)	13,636
5	304	Structures and Improvements	401,832	(0)	401,832
6	305	Collecting and Impounding Res.		-	
7	306	Lake River and Other Intakes		-	
8	307	Wells and Springs	2,142,643	0	2,142,644
9	308	Infiltration Galleries and Tunnels		-	
10	309	Supply Mains		-	
11	310	Power Generation Equipment	338,784	0	338,784
12	311	Electric Pumping Equipment	165,409	29,997	195,407
13	320	Water Treatment Equipment	1,941,330	59,723	2,001,053
14	320.1	Water Treatment Equipment		-	
15	320.2	Chemical Solution Feeders		-	
16	320.3	Arsenic Media	365,917	-	365,917
17	330	Distribution Reservoirs & Standpipe	1,848,872	0	1,848,872
18	330.1	Storage tanks		-	
19	330.2	Pressure Tanks		-	
20	331	Transmission and Distribution Mains	13,183,594	97,459	13,281,054
21	333	Services	2,213,407	43,312	2,256,719
22	334	Meters	1,471,240	17,932	1,489,172
23	335	Hydrants	718,236	14,015	732,251
24	336	Backflow Prevention Devices	816	844	1,660
25	339	Other Plant and Miscellaneous Equipment	-	-	
26	340	Office Furniture and Fixtures	151,135	9,721	160,855
27	340.1	Computers and Software	170,157	(47,550)	122,607
28	341	Transportation Equipment	139,706	0	139,706
29	342	Stores Equipment		-	
30	343	Tools and Work Equipment	34,326	3,515	37,840
31	344	Laboratory Equipment	132	(0)	132
32	345	Power Operated Equipment	-	-	-
33	346	Communications Equipment	577,721	(0)	577,721
34	347	Miscellaneous Equipment	695	0	695
35	348	Other Tangible Plant	1,001,887	1,027	1,002,914
36		Rounding	(1)	-	2
37		TOTAL WATER PLANT	\$ 27,241,418	\$ 229,996	\$ 27,471,416

SUPPORTING SCHEDULES

RECAP SCHEDULES:
A-4
E-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2014</u>	Prior Year Ended <u>12/31/2013</u>	Prior Year Ended <u>12/31/2012</u>
1	<u>WATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	501,824	520,267	536,440
6				
7				
8				
9	Water Revenues from Customers:	\$ 3,354,058	\$ 3,264,205	\$ 3,266,974
10				
11				
12				
13				
14	Year End Number of Customers	5,531	5,501	5,404
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	91	95	99
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 606.41	\$ 593.38	\$ 604.55
23				
24	Pumping Cost Per 1,000 Gallons	\$ 0.3142	\$ 0.3237	\$ 0.3807
25	Purchased Water Cost per 1,000 Gallons	\$ 1.0322	\$ 0.8549	\$ 0.6197

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2014</u>	Prior Year Ended <u>12/31/2013</u>	Prior Year Ended <u>12/31/2012</u>
1	<u>Description</u>			
2				
3	Federal Income Taxes	\$ -	\$ -	\$ -
4	State Income Taxes	-	-	-
5	Payroll Taxes	-	-	-
6	Property Taxes	161,187	133,363	108,483
7				
8	Totals	<u>\$ 161,187</u>	<u>\$ 133,363</u>	<u>\$ 108,483</u>
9				
10				
11				
12				
13				
14				

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Company does not conduct independent audits

The Company is a member-owned limited liability company and is a tax pass-through entity. However, the Company is proposing income taxes for rate making purposes.

The Company uses different depreciation rates for tax than for book purposes.

The Company is proposing inclusion of deferred income taxes in rate base for ratemaking purposes

The Company does not record Allowance for Funds used During Construction (AFUDC).

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2015	At Proposed Rates Year Ended 12/31/2015
1	Revenues			
2	Metered Water Revenues	\$ 3,287,667	\$ 2,843,219	\$ 3,175,952
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	66,391	53,528	53,528
5		<u>\$ 3,354,058</u>	<u>\$ 2,896,746</u>	<u>\$ 3,229,480</u>
6	Operating Expenses			
7	Salaries and Wages	\$ -	\$ -	\$ -
8	Purchased Water	517,999	5,265	5,265
9	Purchased Power	157,690	138,933	138,933
10	Fuel For Power Production	-	-	-
11	Chemicals	15,359	14,734	14,734
12	Repairs and Maintenance	102,989	102,989	102,989
13	Office Supplies and Expense	-	-	-
14	Contract Services - Accounting	13,497	13,497	13,497
15	Contract Services - Legal	10,603	10,603	10,603
16	Contract Services - Eng	7,968	7,968	7,968
17	Contract Services - Other	126,034	126,034	126,034
18	Management Fees	682,887	765,161	765,161
19	Contract Services - Water Testing	5,341	5,341	5,341
20	Rents	1,666	1,666	1,666
21	Transportation Expenses	20,650	20,650	20,650
22	Insurance - General Liability	17,137	17,137	17,137
23	Insurance - Health and Life	-	-	-
24	Reg. Comm. Exp. - Other	-	-	-
25	Reg. Comm. Exp. - Rate Case	49,690	50,000	50,000
26	Miscellaneous Expense	29,504	29,504	29,504
27	Bad Debt Expense	541	541	541
28	Depreciation Expense	683,396	721,109	721,109
29	Taxes Other Than Income	10,350	10,350	10,350
30	Property Taxes	161,187	154,562	160,492
31	Income Tax	-	102,700	172,088
32	Total Operating Expenses	<u>\$ 2,614,487</u>	<u>\$ 2,298,743</u>	<u>\$ 2,374,061</u>
33	Operating Income	<u>\$ 739,570</u>	<u>\$ 598,003</u>	<u>\$ 855,419</u>
34	Other Income (Expense)			
35	Interest Income	8,066	8,066	8,066
36	Other income	79,344	79,344	79,344
37	Interest Expense	(100,248)	(80,324)	(80,324)
38	Other Expense	(17,406)	(17,406)	(17,406)
39	Gain/Loss Sale of Fixed Assets	-	-	-
40	Total Other Income (Expense)	<u>\$ (30,244)</u>	<u>\$ (10,320)</u>	<u>\$ (10,320)</u>
41	Net Profit (Loss)	<u>\$ 709,326</u>	<u>\$ 587,683</u>	<u>\$ 845,099</u>
42				

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2014</u>	At Present Rates Year Ended <u>12/31/2015</u>	At Proposed Rates Year Ended <u>12/31/2015</u>
1				
2				
3				
4				
5	Cash Flows from Operating Activities			
6	Net Income	\$ 709,326	\$ 587,683	\$ 845,099
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	683,396	721,109	721,109
10	Adjustment to Depreciation and Amortization	(6,672)		
11	Other	-		
12	Changes in Certain Assets and Liabilities:			
13	Accounts Receivable	-		
14	Deferred Debits	(1,636)		
15	Materials and Supplies Inventory	7,598		
16	Prepaid Expenses	4,122		
17	Accounts Payable	2,912		
18	Non-Utility Plant	3,938		
19	Customer Meter Deposits	6,009		
20	Taxes Payable	14,973		
21	Debt Reserve Fund	(42,364)		
22	Other assets and liabilities	(239,726)		
23	Net Cash Flow provided by Operating Activities	<u>\$ 1,141,876</u>	<u>\$ 1,308,793</u>	<u>\$ 1,566,208</u>
24	Cash Flow From Investing Activities:			
25	Capital Expenditures	(361,685)	(210,924)	(210,924)
26	Plant Held for Future Use	-		
27	Change In Short-term Investments	-		
28	Net Cash Flows from Investing Activities	<u>\$ (361,685)</u>	<u>\$ (210,924)</u>	<u>\$ (210,924)</u>
29	Cash Flow From Financing Activities			
30	Change in Restricted Cash	-		
31	Net Receipts of Advances-in-Aid of Construction	(1,961,202)	(325,000)	(325,000)
32	Net Receipts of Contributions-in-Aid of Construction	1,857,315	125,000	125,000
33	Repayments of Long-Term Debt	(111,574)	(58,179)	(58,179)
34	Deferred Financing Costs	-		
35	Member capital contributions, net	(2,067,562)	(470,147)	(470,147)
36		-		
37	Net Cash Flows Provided by Financing Activities	<u>\$ (2,283,023)</u>	<u>\$ (728,326)</u>	<u>\$ (728,326)</u>
38	Increase(decrease) in Cash and Cash Equivalents	(1,502,832)	369,543	626,958
39	Cash and Cash Equivalents at Beginning of Year	3,233,843	1,731,011	1,731,011
40	Cash and Cash Equivalents at End of Year	<u>\$ 1,731,011</u>	<u>\$ 2,100,554</u>	<u>\$ 2,357,969</u>
41				

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line No.					
1					
2	Account				
3	<u>Number</u>	<u>Plant Asset:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
4	301	Organization Cost			
5	302	Franchise Cost			
6	303	Land and Land Rights			
7	304	Structures and Improvements			
8	305	Collecting and Impounding Res.			
9	306	Lake River and Other Intakes			
10	307	Wells and Springs			
11	308	Infiltration Galleries and Tunnels			
12	309	Supply Mains			
13	310	Power Generation Equipment	210,924		
14	311	Electric Pumping Equipment		58,500	
15	320	Water Treatment Equipment			
16	320.1	Water Treatment Equipment			
17	320.2	Chemical Solution Feeders			
18	330	Distribution Reservoirs & Standpipe			
19	330.1	Storage tanks			
20	330.2	Pressure Tanks			
21	331	Transmission and Distribution Mains		550,000	
22	333	Services			
23	334	Meters			
24	335	Hydrants			
25	336	Backflow Prevention Devices			
26	339	Other Plant and Miscellaneous Equipment			
27	340	Office Furniture and Fixtures			
28	340.1	Computers and Software			
29	341	Transportation Equipment			
30	342	Stores Equipment			
31	343	Tools and Work Equipment			
32	344	Laboratory Equipment			
33	345	Power Operated Equipment			
34	346	Communications Equipment			
35	347	Miscellaneous Equipment			
36	348	Other Tangible Plant			
37					
38					
39	Total		\$ 210,924	\$ 608,500	\$ -
40					
41					
42					

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
- 7
- 8 Accumulated depreciation and depreciation expense were computed at Arizona Corporation
- 9 Commission allowed rated in Prior Commission Decision.
- 10
- 11 Income taxes were computed using statutory state and federal income tax rates for individuals.
- 12
- 13
- 14
- 15

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	\$ 1,754,351	\$ 1,970,197	\$ 215,845	12.30%	60.56%	61.01%
2	3/4 Inch	Residential	374,310	410,054	35,744	9.55%	12.92%	12.70%
3	1 Inch	Residential	56,962	63,544	6,582	11.55%	1.97%	1.97%
4								
5								
6		Subtotal	2,185,623	2,443,795	258,172	11.81%	75.45%	75.67%
7	1 Inch	Commercial	635	708	73	11.53%	0.02%	0.02%
8	1 1/2 Inch	Commercial	2,774	3,095	321	11.57%	0.10%	0.10%
9	2 Inch	Commercial	78,061	86,991	8,930	11.44%	2.69%	2.69%
10	3 Inch	Commercial	8,473	9,457	983	11.60%	0.29%	0.29%
11								
12								
13		Subtotal	89,943	100,251	10,308	11.46%	3.10%	3.10%
14	1 1/2 Inch	Public Authority	10,908	12,151	1,243	11.39%	0.38%	0.38%
15	2 Inch	Public Authority	19,539	21,794	2,255	11.54%	0.67%	0.67%
16	4 Inch	Public Authority	35,006	38,984	3,958	11.31%	1.21%	1.21%
17		Subtotal	65,453	72,909	7,456	11.39%	2.26%	2.26%
18								
19	5/8x3/4 Inch	Irrigation	14,044	15,606	1,562	11.12%	0.48%	0.48%
20	3/4 Inch	Irrigation	5,122	5,649	527	10.29%	0.18%	0.17%
21	1 Inch	Irrigation	76,839	85,513	8,675	11.29%	2.65%	2.65%
22	1 1/2 Inch	Irrigation	40,234	44,786	4,552	11.31%	1.39%	1.39%
23	2 Inch	Irrigation	383,182	426,298	43,116	11.25%	13.23%	13.20%
24	3 Inch	Irrigation	-	-	-	0.00%	0.00%	0.00%
25								
26		Subtotal	519,420	577,851	58,431	11.25%	17.93%	17.89%
27								
28								
29								
30	3 Inch	Construction	32,933	36,577	3,645	11.07%	1.14%	1.13%
31								
32		Subtotal	32,933	36,577	3,645	11.07%	1.14%	1.13%
33								
34		Total Revenues Before Annualization	\$ 2,893,372	\$ 3,231,383	\$ 338,011	11.68%	99.88%	100.06%
35								

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Revenue Summary
 With Annualized Revenues to Year End Number of Customers

Exhibit
 Schedule H-1
 Page 2
 Witness: Bourassa

Line No.	Meter Size	Class	Revenue Annualization					Additional Gallons to be Pumped (In 1,000's)
			Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	
1	5/8x3/4 Inch	Residential	\$ 8,339	\$ 9,381	\$ 1,042	12.50%	267	1,270
2	3/4 Inch	Residential	6,717	7,364	647	9.63%	143	912
3	1 Inch	Residential	2,190	2,443	253	11.56%	32	218
4								
5		Subtotal	\$ 17,246	\$ 19,188	\$ 1,942	11.26%	442	2,400
6								
7	1 Inch	Commercial	-	-	-	0.00%	-	-
8	1 1/2 Inch	Commercial	1,627	1,815	188	11.57%	8	249
9	2 Inch	Commercial	4,302	4,801	499	11.60%	12	708
10	3 Inch	Commercial	-	-	-	0.00%	-	-
11								
12		Subtotal	\$ 5,929	\$ 6,616	\$ 4,572	77.11%	20	957
13								
14	1 1/2 Inch	Public Authority	-	-	-	0.00%	-	-
15	2 Inch	Public Authority	-	-	-	0.00%	-	-
16	4 Inch	Public Authority	-	-	-	0.00%	-	-
17								
18		Subtotal	\$ -	\$ -	\$ -	0.00%	-	-
19								
20	5/8x3/4 Inch	Irrigation	73	81	8	11.38%	1	-
21	3/4 Inch	Irrigation	-	-	-	0.00%	-	-
22	1 Inch	Irrigation	917	1,023	106	11.57%	8	151
23	1 1/2 Inch	Irrigation	-	-	-	0.00%	-	-
24	2 Inch	Irrigation	-	-	-	0.00%	-	-
25	3 Inch	Irrigation	-	-	-	0.00%	-	-
26								
27		Subtotal	990	1,104	114	11.56%	9	151
28								
29	3 Inch	Construction	-	-	-	0.00%	-	-
30								
31		Subtotal	-	-	-	0.00%	-	-
32								
33								
34	Total Revenue Annualization		\$ 24,165	\$ 26,909	\$ 6,628	27.43%	\$ 471	\$ 3,509
35								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 3
Witness: Bourassa

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	\$ 2,893,372	\$ 3,231,383	\$ 338,011	11.68%	99.88%	100.06%
2	(73,316)	(82,661)	(9,344)	12.75%	-2.53%	-2.56%
3	24,165	26,909	2,744	11.36%	0.83%	0.83%
4	\$ 2,844,220	\$ 3,175,631	\$ 331,410	11.65%	98.19%	98.33%
5						
6	\$ 53,528	\$ 53,528	-	0.00%	1.85%	1.66%
7	(1,001)	322	1,323	-132.17%	-0.03%	0.01%
8	\$ 2,896,747	\$ 3,229,480	\$ 332,733	11.49%	100.00%	100.00%
9						
10						
11						
12						
13						
14						
15						
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32						
33						
34						
35						

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Average Bill		Proposed Increase		
			Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch Residential	4,604	4,677	\$ 30.94	\$ 34.81	3.87	12.50%
2	3/4 Inch Residential	655	6,316	46.73	51.23	4.50	9.62%
3	1 Inch Residential	69	6,796	68.36	76.26	7.90	11.56%
4							
5	Subtotal	5,328					
6							
7	1 Inch Commercial	1	2,667	52.88	58.97	6.10	11.53%
8	1 1/2 Inch Commercial	1	23,251	172.94	192.97	20.03	11.58%
9	2 Inch Commercial	18	56,638	349.59	390.15	40.56	11.60%
10	3 Inch Commercial	1	115,126	706.12	788.05	81.92	11.60%
11							
12	Subtotal	21					
13							
14	1 1/2 Inch Public Authority	5	23,727	174.73	194.97	20.24	11.58%
15	2 Inch Public Authority	9	11,658	180.92	201.80	20.88	11.54%
16	4 Inch Public Authority	1	611,322	2,917.20	3,247.02	329.83	11.31%
17	Subtotal	15					
18							
19	5/8x3/4 Inch Irrigation	13	17,095	\$ 87.33	\$ 97.18	9.86	11.29%
20	3/4 Inch Irrigation	3	26,972	141.42	156.01	14.58	10.31%
21	1 Inch Irrigation	50	20,313	119.28	133.12	13.83	11.60%
22	1 1/2 Inch Irrigation	12	47,160	262.60	293.09	30.49	11.61%
23	2 Inch Irrigation	48	127,321	642.64	715.99	73.35	11.41%
24	3 Inch Irrigation						
25							
26	Subtotal	126					
27							
28							
29	3 Inch Construction	4	113,269	784.11	870.88	86.77	11.07%
30							
31	Subtotal	4					
32							
33	Total	5,494					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch Residential	4,604	4,500	\$ 30.28	\$ 34.07	3.79	12.52%
2	3/4 Inch Residential	655	5,500	43.68	47.81	4.14	9.48%
3	1 Inch Residential	69	5,500	63.50	70.84	7.34	11.55%
4							
5							
6	Subtotal	5,328					
7							
8	1 Inch Commercial	1	2,500	52.25	58.27	6.02	11.53%
9	1 1/2 Inch Commercial	1	17,000	149.50	166.80	17.30	11.57%
10	2 Inch Commercial	18	32,500	259.08	289.07	30.00	11.58%
11	3 Inch Commercial	1	106,890	675.24	753.56	78.32	11.60%
12							
13	Subtotal	21					
14							
15	1 1/2 Inch Public Authority	5	25,370	110.13	122.83	12.71	11.54%
16	2 Inch Public Authority	9	10,501	170.95	190.67	19.72	11.53%
17	4 Inch Public Authority	1	493,780	2,768.96	3,082.73	313.77	11.33%
18							
19	Subtotal	15					
20	5/8x3/4 Inch Irrigation	13	4,500	\$ 34.03	\$ 37.97	3.94	11.58%
21	3/4 Inch Irrigation	3	9,500	62.80	68.86	6.06	9.66%
22	1 Inch Irrigation	50	7,500	71.00	79.21	8.21	11.57%
23	1 1/2 Inch Irrigation	12	20,500	162.63	181.46	18.83	11.58%
24	2 Inch Irrigation	48	87,000	463.45	517.29	53.84	11.62%
25	3 Inch Irrigation						
26							
27	Subtotal	126					
28							
29							
30	3 Inch Construction	4	6,000	301.40	335.88	34.48	11.44%
31							
32	Subtotal	4					
33							
34	Total	5,494					
35							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Sahuarita Water Company, LLC
Revenue Breakdown Summary
Present Rates including Revenue Annualization

Exhibit
Schedule H-2
Page 3
Witness: Bourassa

		Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8 Inch Residential		\$ 952,031	\$ 350,673	\$ 386,116	\$ 73,871	\$ 1,762,690
3/4 Inch Residential		\$ 214,507	\$ 55,149	\$ 84,442	\$ 26,929	\$ 381,027
1 Inch Residential		\$ 37,044	\$ 21,581	\$ 527	\$ -	\$ 59,152
Subtotal		\$ 1,203,582	\$ 427,403	\$ 471,084	\$ 100,800	\$ 2,202,869
Percent of Revenues		54.64%	19.40%	21.39%	4.58%	100.00%
Cummulative Percentage		54.64%	74.04%	95.42%	100.00%	
1 Inch Commercial		\$ 515	\$ 120	\$ -	\$ -	\$ 635
1 1/2 Inch Commercial		\$ 2,058	\$ 2,258	\$ 86	\$ -	\$ 4,401
2 Inch Commercial		\$ 31,282	\$ 35,785	\$ 15,296	\$ -	\$ 82,363
3 Inch Commercial		\$ 3,293	\$ 5,181	\$ -	\$ -	\$ 8,473
Subtotal		\$ 37,147	\$ 43,343	\$ 15,382	\$ -	\$ 95,872
Percent of Revenues		38.75%	45.21%	16.04%	0.00%	100.00%
Cummulative Percentage		38.75%	83.96%	100.00%	100.00%	
1 1/2 Inch Public Authority		\$ 5,145	\$ 3,218	\$ 2,545	\$ -	\$ 10,908
2 Inch Public Authority		\$ 14,818	\$ 4,721	\$ -	\$ -	\$ 19,539
4 Inch Public Authority		\$ 5,145	\$ 15,750	\$ 14,111	\$ -	\$ 35,006
Subtotal		\$ 25,108	\$ 23,689	\$ 16,657	\$ -	\$ 65,453
Percent of Revenues		38.36%	36.19%	25.45%	0.00%	100.00%
Cummulative Percentage		38.36%	74.55%	100.00%	100.00%	
5/8x3/4 Inch Irrigation		\$ 2,675	\$ 2,725	\$ 8,717	\$ -	\$ 14,117
3/4 Inch Irrigation		\$ 965	\$ 1,061	\$ 3,096	\$ -	\$ 5,122
1 Inch Irrigation		\$ 26,240	\$ 21,875	\$ 29,640	\$ -	\$ 77,755
1 1/2 Inch Irrigation		\$ 12,348	\$ 13,369	\$ 14,517	\$ -	\$ 40,234
2 Inch Irrigation		\$ 79,027	\$ 129,308	\$ 174,847	\$ -	\$ 383,182
3 Inch Irrigation		\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ 121,255	\$ 168,338	\$ 230,816	\$ -	\$ 520,410
Percent of Revenues		23.30%	32.35%	44.35%	0.00%	100.00%
Cummulative Percentage		23.30%	55.65%	100.00%	100.00%	
3 Inch Construction		\$ 11,525	\$ 21,408	\$ -	\$ -	\$ 32,933
Percent of Revenues		35.00%	65.00%	0.00%	0.00%	100.00%
Cummulative Percentage		35.00%	100.00%	100.00%	100.00%	
Grand Total		\$ 1,398,616	\$ 684,182	\$ 733,939	\$ 100,800	\$ 2,917,537
Percent of Total Revenues		47.94%	23.45%	25.16%	3.45%	100.00%
Cummulative Percentage		47.94%	71.39%	96.55%	100.00%	

Sahuarita Water Company, LLC
Revenue Breakdown Summary
Proposed Rates including Revenue Annualization

Exhibit
Schedule H-2
Page 4
Witness: Bourassa

		Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8 Inch	Residential	\$ 1,061,514	\$ 405,028	\$ 431,163	\$ 81,873	\$ 1,979,578
3/4 Inch	Residential	\$ 229,582	\$ 63,697	\$ 94,293	\$ 29,846	\$ 417,419
1 Inch	Residential	\$ 41,304	\$ 24,099	\$ 584	\$ -	\$ 65,987
Subtotal		\$ 1,332,400	\$ 492,824	\$ 526,040	\$ 111,720	\$ 2,462,983
Percent of Revenues		54.10%	20.01%	21.36%	4.54%	100.00%
Cummulative Percentage		54.10%	74.11%	95.46%	100.00%	
1 Inch	Commercial	\$ 574	\$ 134	\$ -	\$ -	\$ 708
1 1/2 Inch	Commercial	\$ 2,295	\$ 2,521	\$ 95	\$ -	\$ 4,910
2 Inch	Commercial	\$ 34,879	\$ 39,960	\$ 16,953	\$ -	\$ 91,792
3 Inch	Commercial	\$ 3,671	\$ 5,785	\$ -	\$ -	\$ 9,457
Subtotal		\$ 41,419	\$ 48,400	\$ 17,048	\$ -	\$ 106,867
Percent of Revenues		38.76%	45.29%	15.95%	0.00%	100.00%
Cummulative Percentage		38.76%	84.05%	100.00%	100.00%	
1 1/2 Inch	Public Authority	\$ 5,737	\$ 3,593	\$ 2,821	\$ -	\$ 12,151
2 Inch	Public Authority	\$ 16,522	\$ 5,272	\$ -	\$ -	\$ 21,794
4 Inch	Public Authority	\$ 5,737	\$ 17,588	\$ 15,640	\$ -	\$ 38,964
Subtotal		\$ 27,995	\$ 26,453	\$ 18,461	\$ -	\$ 72,909
Percent of Revenues		38.40%	36.28%	25.32%	0.00%	100.00%
Cummulative Percentage		38.40%	74.68%	100.00%	100.00%	
5/8x3/4 Inch	Irrigation	\$ 2,983	\$ 3,042	\$ 9,661	\$ -	\$ 15,687
3/4 Inch	Irrigation	\$ 1,033	\$ 1,185	\$ 3,431	\$ -	\$ 5,649
1 Inch	Irrigation	\$ 29,257	\$ 24,428	\$ 32,851	\$ -	\$ 86,536
1 1/2 Inch	Irrigation	\$ 13,768	\$ 14,929	\$ 16,089	\$ -	\$ 44,786
2 Inch	Irrigation	\$ 88,115	\$ 144,394	\$ 193,788	\$ -	\$ 426,298
3 Inch	Irrigation	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ 135,156	\$ 187,978	\$ 255,822	\$ -	\$ 578,955
Percent of Revenues		23.34%	32.47%	44.19%	0.00%	100.00%
Cummulative Percentage		23.34%	55.81%	100.00%	100.00%	
3 Inch	Construction	\$ 12,850	\$ 23,727	\$ -	\$ -	\$ 36,577
Percent of Revenues		35.13%	64.87%	0.00%	0.00%	100.00%
Cummulative Percentage		35.13%	100.00%	100.00%	100.00%	
Grand Total		\$ 1,549,820	\$ 779,381	\$ 817,370	\$ 111,720	\$ 3,258,291
Percent of Total Revenues		47.57%	23.92%	25.09%	3.43%	100.00%
Cummulative Percentage		47.57%	71.49%	96.57%	100.00%	

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Present and Proposed Rates
 Typical Rate Design

Exhibit
 Rebuttal Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Monthly Usage Charge for: Meter Size (All Classes)	Present Rates	Proposed Rates	Change	Percent Change
1	5/8x3/4 Inch	\$	17.15	\$ 19.12	11.50%
2	3/4 Inch		26.80	28.68	7.03%
3	1 Inch		42.88	47.81	11.50%
4	1 1/2 Inch		85.75	95.61	11.50%
5	2 Inch		137.20	152.98	11.50%
6	3 Inch		274.40	305.96	11.50%
7	4 Inch		428.75	478.06	11.50%
8	6 Inch		857.50	956.11	11.50%
9					
10					
11					
12					
13					
14					
15					
16					
17	Commodity Rates				
18	5/8x3/4 Inch - Residential				
19					
20					
21	5/8x3/4 Inch - Non-residential				
22					
23					
24	3/4 Inch Meter Residential				
25					
26					
27	3/4 Inch Meter - Non-residential				
28					
29					
30					
31	1 Inch - All classes				
32					
33					
34	1 1/2 Inch - All classes				
35					
36					
37	2 Inch - All classes				
38					
39					
40	3 Inch - All classes				
41					
42					
43	4 Inch - All classes				
44					
45					

(Per 1,000 gallons)				
Block	Present Rate	Proposed Rate		
0 gallons to 3,000 gallons	\$ 2,500	\$ 2,888		
3,001 to 9,000 gallons	\$ 3,750	\$ 4,188		
over 9,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 9,000 gallons	\$ 3,750	\$ 4,188		
Over 9,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 3,000 gallons	\$ 2,500	\$ 2,888		
3,001 to 9,000 gallons	\$ 3,750	\$ 4,188		
over 9,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 9,000 gallons	\$ 3,750	\$ 4,188		
Over 9,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 20,000 gallons	\$ 3,750	\$ 4,188		
Over 20,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 55,000 gallons	\$ 3,750	\$ 4,188		
Over 55,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 90,000 gallons	\$ 3,750	\$ 4,188		
Over 90,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 200,000 gallons	\$ 3,750	\$ 4,188		
Over 200,000 gallons	\$ 4,500	\$ 4,988		
0 gallons to 350,000 gallons	\$ 3,750	\$ 4,188		
Over 350,000 gallons	\$ 4,500	\$ 4,988		

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 Present and Proposed Rates
 Typical Rate Design

Exhibit
 Schedule H-3
 Page 2
 Witness: Bourassa

Line No.	Commodity Rates	Block	(Per 1,000 gallons)	
	6 Inch - All classes		Present Rate	Proposed Rate
1				
2				
3				
4		0 gallons to 750,000 gallons	\$ 3.750	\$ 4.188
5		Over 750,000 gallons	\$ 4.500	\$ 4.988
6				
7				
8				
9	Construction/Bulk	All gallons	\$ 4.500	\$ 4.988
10				
11				
12				
13				
14				
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Sahuarita Water Company, LLC
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 2014

Exhibit
 Schedule H-3
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 Witness: Bourassa

Line

No.

1	<u>Meter and Service Line Charges¹</u>						
2							
3		Present	Present		Proposed	Proposed	
4		Service	Meter	Total	Service	Meter	Total
5		Line	Install-	Present	Line	Install-	Proposed
6		Charge	ation	Charge	Charge	ation	Charge
7	5/8 x 3/4 Inch	\$ 445	\$ 155	\$ 600.00	\$ 445	\$ 155	\$ 600.00
8	3/4 Inch	445	255	700.00	445	255	700.00
9	1 Inch	495	315	810.00	495	315	810.00
10	1 1/2 Inch	550	525	1,075.00	550	525	1,075.00
11	2 Inch Turbo	830	1,045	1,875.00	830	1,045	1,875.00
12	2 Inch, Compound	830	1,890	2,720.00	830	1,890	2,720.00
13	3 Inch Turbo	1,045	1,670	2,715.00	1,045	1,670	2,715.00
14	3 Inch, compound	1,165	2,545	3,710.00	1,165	2,545	3,710.00
15	4 Inch Turbo	1,490	2,670	4,160.00	1,490	2,670	4,160.00
16	4 Inch, compound	1,670	3,645	5,315.00	1,670	3,645	5,315.00
17	6 Inch Turbo	2,210	5,025	7,235.00	2,210	5,025	7,235.00
18	6 Inch, compound	2,330	6,920	9,250.00	2,330	6,920	9,250.00
19	Over 6"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

¹ Based on ACC Staff Engineering Memo dated February 21, 2008

NT = No Tariff

Other Charges:

	Present	Proposed
27 Establishment	\$ 25.00	\$ 25.00
28 Establishment (After Hours)	\$ 40.00	Remove
29 Reestablishment (within 12 months)	*	*
30 Reconnection (Delinquent)	\$ 25.00	\$ 25.00
31 Reconnection (Delinquent and After Hours)	\$ 40.00	Remove
32 Meter Test (if correct)	\$ 25.00	\$ 25.00
33 Meter Re-read (if correct)	NT	\$ 25.00
34 Deposit	**	**
35 Deposit Interest**	6%	6%
36 NSF Check	\$ 15.00	\$ 15.00
37 Deferred Payment, per month	1.5%	1.5%
38 Late Payment Fee (per month)	Min. \$ 5.00 or 1.5% per month	Min. \$ 5.00 or 1.5% per month
39 Moving Meter at Customer Request	At Cost	At Cost
40 After hours service charge	NT	\$ 50.00
41 Main Extension and Additional Facilities	At Cost	At Cost
42		
43		
44		
45		

* Per Commission Rule A.A.C. R-14-2-403(D). Number of months off the system times the monthly minimum.

** Per Commission Rule R14-2-403(B)

NT = No Tariff

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Hook-Up Fees

Exhibit
Schedule H-3
Page 4
Witness: Bourassa

Line

No.

1

2 **Off-site Facilities Hook-up Fee**

3

4

5

6 5/8 x 3/4 Inch

	Present <u>Charge</u>	Proposed <u>Charge</u>
\$	350	\$ 350

7 3/4 Inch

420 420

8 1 Inch

700 700

9 1 1/2 Inch

1,400 1,400

10 2 Inch

2,240 2,240

11 3 Inch

4,200 4,200

12 4 Inch

7,000 7,000

13 6 Inch or larger

14,000 14,000

14

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Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
 5/8 Inch Residential

Exhibit H-4
 Schedule Page 1
 Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 17.15	\$ 19.12	\$ 1.97	11.50%
1,000	19.65	22.01	2.36	12.01%
2,000	22.15	24.90	2.75	12.40%
3,000	24.65	27.78	3.13	12.72%
4,000	28.40	31.97	3.57	12.58%
5,000	32.15	36.16	4.01	12.47%
6,000	35.90	40.35	4.45	12.39%
7,000	39.65	44.53	4.88	12.32%
8,000	43.40	48.72	5.32	12.26%
9,000	47.15	52.91	5.76	12.22%
10,000	51.65	57.90	6.25	12.10%
12,000	60.65	67.87	7.22	11.91%
14,000	69.65	77.85	8.20	11.77%
16,000	78.65	87.82	9.17	11.66%
18,000	87.65	97.80	10.15	11.58%
20,000	96.65	107.77	11.12	11.51%
25,000	119.15	132.71	13.56	11.38%
30,000	141.65	157.65	16.00	11.29%
35,000	164.15	182.58	18.43	11.23%
40,000	186.65	207.52	20.87	11.18%
45,000	209.15	232.46	23.31	11.14%
50,000	231.65	257.40	25.75	11.11%
60,000	276.65	307.27	30.62	11.07%
70,000	321.65	357.15	35.50	11.04%
80,000	366.65	407.02	40.37	11.01%
90,000	411.65	456.90	45.25	10.99%
100,000	456.65	506.77	50.12	10.98%

Present Rates:
 Monthly Minimum: \$ 17.15
 Gallons in Minimum Charge Per 1,000 Gallons -
 Up to 3,000 \$ 2.50
 Up to 9,000 \$ 3.75
 Over 9,000 \$ 4.50

Proposed Rates:
 Monthly Minimum: \$ 19.12
 Gallons in Minimum Charge Per 1,000 Gallons -
 Up to 3,000 \$ 2.89
 Up to 9,000 \$ 4.19
 Over 9,000 \$ 4.99

Average Usage	\$ 30.94	\$ 34.81	\$ 3.87	12.50%
Median Usage	\$ 30.28	\$ 34.07	\$ 3.79	12.52%

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
3/4 Inch Residential

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 26.80	\$ 28.68	\$ 1.88	7.03%
1,000	29.30	31.57	2.27	7.75%
2,000	31.80	34.46	2.66	8.36%
3,000	34.30	37.35	3.05	8.88%
4,000	38.05	41.53	3.48	9.15%
5,000	41.80	45.72	3.92	9.38%
6,000	45.55	49.91	4.36	9.57%
7,000	49.30	54.10	4.80	9.73%
8,000	53.05	58.28	5.23	9.86%
9,000	56.80	62.47	5.67	9.98%
10,000	61.30	67.46	6.16	10.05%
12,000	70.30	77.43	7.13	10.15%
14,000	79.30	87.41	8.11	10.22%
16,000	88.30	97.38	9.08	10.29%
18,000	97.30	107.36	10.06	10.34%
20,000	106.30	117.33	11.03	10.38%
25,000	128.80	142.27	13.47	10.46%
30,000	151.30	167.21	15.91	10.51%
35,000	173.80	192.15	18.35	10.56%
40,000	196.30	217.08	20.78	10.59%
45,000	218.80	242.02	23.22	10.61%
50,000	241.30	266.96	25.66	10.63%
60,000	286.30	316.83	30.53	10.66%
70,000	331.30	366.71	35.41	10.69%
80,000	376.30	416.58	40.28	10.71%
90,000	421.30	466.46	45.16	10.72%
100,000	466.30	516.33	50.03	10.73%

Present Rates:
Monthly Minimum: \$ 26.80
Gallons in Minimum Charge Per 1,000 Gallons
Up to 3,000 \$ 2.50
Up to 9,000 \$ 3.75
Over 9,000

Proposed Rates:
Monthly Minimum: \$ 28.68
Gallons in Minimum Charge Per 1,000 Gallons
Up to 3,000 \$ 2.89
Up to 9,000 \$ 4.19
Over 9,000 \$ 4.99

Average Usage	6,316	\$ 46.73	\$ 51.23	\$ 4.50	9.62%
Median Usage	5,500	\$ 43.68	\$ 47.81	\$ 4.14	9.48%

Sahuarita Water Company, LLC
 Bill Comparison Present and Proposed Rates
 1 Inch Residential

Exhibit H-4
 Schedule
 Page 3
 Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1,000	\$ 42.88	\$ 47.81	\$ 4.93	11.50%
2,000	46.63	51.99	5.37	11.51%
3,000	50.38	56.18	5.81	11.52%
4,000	54.13	60.37	6.24	11.53%
5,000	57.88	64.56	6.68	11.54%
6,000	61.63	68.74	7.12	11.55%
7,000	65.38	72.93	7.56	11.56%
8,000	69.13	77.12	7.99	11.56%
9,000	72.88	81.31	8.43	11.57%
10,000	76.63	85.49	8.87	11.57%
11,000	80.38	89.68	9.31	11.58%
12,000	84.13	93.87	9.74	11.59%
13,000	87.88	98.06	10.18	11.59%
14,000	91.63	102.25	10.62	11.60%
15,000	95.38	106.43	11.06	11.60%
16,000	99.13	110.62	11.50	11.61%
17,000	102.88	114.81	11.93	11.61%
18,000	106.63	119.00	12.37	11.62%
19,000	110.38	123.18	12.81	11.62%
20,000	114.13	127.37	13.24	11.63%
21,000	117.88	131.56	13.68	11.64%
22,000	121.63	135.75	14.12	11.64%
23,000	125.38	139.94	14.56	11.65%
24,000	129.13	144.13	15.00	11.65%
25,000	132.88	148.32	15.44	11.66%
26,000	136.63	152.51	15.88	11.67%
27,000	140.38	156.70	16.32	11.67%
28,000	144.13	160.89	16.76	11.68%
29,000	147.88	165.08	17.20	11.68%
30,000	151.63	169.27	17.64	11.69%
31,000	155.38	173.46	18.08	11.70%
32,000	159.13	177.65	18.52	11.70%
33,000	162.88	181.84	18.96	11.71%
34,000	166.63	186.03	19.40	11.72%
35,000	170.38	190.22	19.84	11.72%
36,000	174.13	194.41	20.28	11.73%
37,000	177.88	198.60	20.72	11.74%
38,000	181.63	202.79	21.16	11.74%
39,000	185.38	206.98	21.60	11.75%
40,000	189.13	211.17	22.04	11.76%
41,000	192.88	215.36	22.48	11.76%
42,000	196.63	219.55	22.92	11.77%
43,000	200.38	223.74	23.36	11.78%
44,000	204.13	227.93	23.80	11.78%
45,000	207.88	232.12	24.24	11.79%
46,000	211.63	236.31	24.68	11.80%
47,000	215.38	240.50	25.12	11.80%
48,000	219.13	244.69	25.56	11.81%
49,000	222.88	248.88	26.00	11.82%
50,000	226.63	253.07	26.44	11.82%
51,000	230.38	257.26	26.88	11.83%
52,000	234.13	261.45	27.32	11.84%
53,000	237.88	265.64	27.76	11.84%
54,000	241.63	269.83	28.20	11.85%
55,000	245.38	274.02	28.64	11.86%
56,000	249.13	278.21	29.08	11.86%
57,000	252.88	282.40	29.52	11.87%
58,000	256.63	286.59	29.96	11.88%
59,000	260.38	290.78	30.40	11.88%
60,000	264.13	294.97	30.84	11.89%
61,000	267.88	299.16	31.28	11.90%
62,000	271.63	303.35	31.72	11.90%
63,000	275.38	307.54	32.16	11.91%
64,000	279.13	311.73	32.60	11.92%
65,000	282.88	315.92	33.04	11.92%
66,000	286.63	320.11	33.48	11.93%
67,000	290.38	324.30	33.92	11.94%
68,000	294.13	328.49	34.36	11.94%
69,000	297.88	332.68	34.80	11.95%
70,000	301.63	336.87	35.24	11.96%
71,000	305.38	341.06	35.68	11.96%
72,000	309.13	345.25	36.12	11.97%
73,000	312.88	349.44	36.56	11.98%
74,000	316.63	353.63	37.00	11.98%
75,000	320.38	357.82	37.44	11.99%
76,000	324.13	362.01	37.88	12.00%
77,000	327.88	366.20	38.32	12.00%
78,000	331.63	370.39	38.76	12.01%
79,000	335.38	374.58	39.20	12.02%
80,000	339.13	378.77	39.64	12.02%
81,000	342.88	382.96	40.08	12.03%
82,000	346.63	387.15	40.52	12.03%
83,000	350.38	391.34	40.96	12.04%
84,000	354.13	395.53	41.40	12.04%
85,000	357.88	399.72	41.84	12.05%
86,000	361.63	403.91	42.28	12.05%
87,000	365.38	408.10	42.72	12.06%
88,000	369.13	412.29	43.16	12.06%
89,000	372.88	416.48	43.60	12.07%
90,000	376.63	420.67	44.04	12.07%
91,000	380.38	424.86	44.48	12.08%
92,000	384.13	429.05	44.92	12.08%
93,000	387.88	433.24	45.36	12.09%
94,000	391.63	437.43	45.80	12.09%
95,000	395.38	441.62	46.24	12.10%
96,000	399.13	445.81	46.68	12.10%
97,000	402.88	450.00	47.12	12.11%
98,000	406.63	454.19	47.56	12.12%
99,000	410.38	458.38	48.00	12.12%
100,000	414.13	462.57	48.44	12.13%

Present Rates:	
Monthly Minimum:	\$ 42.88
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 20,000	\$ 3.75
Over 20,000	\$ 4.50

Proposed Rates:	
Monthly Minimum:	\$ 47.81
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 20,000	\$ 4.19
Over 20,000	\$ 4.99

Average Usage	
6,796	\$ 68.36
Median Usage	\$ 63.50
5,500	\$ 70.84
	\$ 7.90
	\$ 7.34

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
 1 Inch Commercial

Exhibit
 Schedule H-4
 Page 4
 Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 42.88	\$ 47.81	\$ 4.93	11.50%
1,000	46.63	51.99	5.37	11.51%
2,000	50.38	56.18	5.81	11.52%
3,000	54.13	60.37	6.24	11.53%
4,000	57.88	64.56	6.68	11.54%
5,000	61.63	68.74	7.12	11.55%
6,000	65.38	72.93	7.56	11.56%
7,000	69.13	77.12	7.99	11.57%
8,000	72.88	81.31	8.43	11.57%
9,000	76.63	85.49	8.87	11.58%
10,000	80.38	89.68	9.31	11.59%
12,000	87.88	98.06	10.18	11.59%
14,000	95.38	106.43	11.06	11.60%
16,000	102.88	114.81	11.93	11.60%
18,000	110.38	123.18	12.81	11.61%
20,000	117.88	131.56	13.68	11.61%
25,000	140.38	156.49	16.12	11.48%
30,000	162.88	181.43	18.56	11.39%
35,000	185.38	206.37	20.99	11.32%
40,000	207.88	231.31	23.43	11.27%
45,000	230.38	256.24	25.87	11.23%
50,000	252.88	281.18	28.31	11.19%
60,000	297.88	331.06	33.18	11.14%
70,000	342.88	380.93	38.06	11.10%
80,000	387.88	430.81	42.93	11.07%
90,000	432.88	480.68	47.81	11.04%
100,000	477.88	530.56	52.68	11.02%

Present Rates:
 Monthly Minimum: \$ 42.88
 Gallons in Minimum -
 Charge Per 1,000 Gallons 20,000 \$ 3.75
 Up to 20,000 \$ 4.50
 Over

Proposed Rates:
 Monthly Minimum: \$ 47.81
 Gallons in Minimum -
 Charge Per 1,000 Gallons 20,000 \$ 4.19
 Up to 20,000 \$ 4.99
 Over

Average Usage 2,667 \$ 52.88 \$ 58.97 \$ 6.10 11.53%
 Median Usage 2,500 \$ 52.25 \$ 58.27 \$ 6.02 11.53%

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
1 1/2 Inch Commercial

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 85.75	\$ 95.61	\$ 9.86	11.50%
1,000	89.50	99.80	10.30	11.51%
2,000	93.25	103.99	10.74	11.51%
3,000	97.00	108.17	11.17	11.52%
4,000	100.75	112.36	11.61	11.52%
5,000	104.50	116.55	12.05	11.53%
6,000	108.25	120.74	12.49	11.53%
7,000	112.00	124.92	12.92	11.54%
8,000	115.75	129.11	13.36	11.54%
9,000	119.50	133.30	13.80	11.55%
10,000	123.25	137.49	14.24	11.55%
12,000	130.75	145.86	15.11	11.56%
14,000	138.25	154.24	15.99	11.56%
16,000	145.75	162.61	16.86	11.57%
18,000	153.25	170.99	17.74	11.57%
20,000	160.75	179.36	18.61	11.58%
25,000	179.50	200.30	20.80	11.59%
30,000	198.25	221.24	22.99	11.59%
35,000	217.00	242.17	25.17	11.60%
40,000	235.75	263.11	27.36	11.61%
45,000	254.50	284.05	29.55	11.61%
50,000	273.25	304.99	31.74	11.61%
60,000	314.50	350.86	36.36	11.56%
70,000	359.50	400.74	41.24	11.47%
80,000	404.50	450.61	46.11	11.40%
90,000	449.50	500.49	50.99	11.34%
100,000	494.50	550.36	55.86	11.30%
Average Usage	\$ 172.94	\$ 192.97	\$ 20.03	11.58%
Median Usage	\$ 149.50	\$ 166.80	\$ 17.30	11.57%

Present Rates:
Monthly Minimum: \$ 85.75
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 55,000 \$ 3.75
Over 55,000 \$ 4.50

Proposed Rates:
Monthly Minimum: \$ 95.61
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 55,000 \$ 4.19
Over 55,000 \$ 4.99

Sahuarita Water Company, LLC
 Bill Comparison Present and Proposed Rates
 Meter Size: 2 Inch Commercial

Exhibit
 Schedule H-4
 Page 6
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1,000	\$ 137.20	\$ 152.98	\$ 15.78	11.50%
2,000	140.95	157.17	16.22	11.50%
3,000	144.70	161.35	16.65	11.51%
4,000	148.45	165.54	17.09	11.51%
5,000	152.20	169.73	17.53	11.52%
6,000	155.95	173.92	17.97	11.52%
7,000	159.70	178.10	18.40	11.52%
8,000	163.45	182.29	18.84	11.53%
9,000	167.20	186.48	19.28	11.53%
10,000	170.95	190.67	19.72	11.53%
12,000	174.70	194.85	20.15	11.54%
14,000	182.20	203.23	21.03	11.54%
16,000	189.70	211.60	21.90	11.55%
18,000	197.20	219.98	22.78	11.55%
20,000	204.70	228.35	23.65	11.55%
25,000	212.20	236.73	24.53	11.56%
30,000	230.95	257.67	26.72	11.57%
35,000	249.70	278.60	28.90	11.58%
40,000	268.45	299.54	31.09	11.58%
45,000	287.20	320.48	33.28	11.59%
50,000	305.95	341.42	35.47	11.59%
60,000	324.70	362.35	37.65	11.60%
70,000	362.20	404.23	42.03	11.60%
80,000	399.70	446.10	46.40	11.61%
90,000	437.20	487.98	50.78	11.61%
100,000	474.70	529.85	55.15	11.62%
	519.70	579.73	60.03	11.55%

Present Rates:
 Monthly Minimum: \$ 137.20
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 90,000 \$ 3.75
 Over 90,000 \$ 4.50

Proposed Rates:
 Monthly Minimum: \$ 152.98
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 90,000 \$ 4.19
 Over 90,000 \$ 4.99

Average Usage	56,638	\$ 349.59	\$ 390.15	\$ 40.56	11.60%
Median Usage	32,500	\$ 259.08	\$ 289.07	\$ 30.00	11.58%

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
3 Inch Commercial

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 274.40	\$ 305.96	\$ 31.56	11.50%
1,000	278.15	310.14	31.99	11.50%
2,000	281.90	314.33	32.43	11.50%
3,000	285.65	318.52	32.87	11.51%
4,000	289.40	322.71	33.31	11.51%
5,000	293.15	326.89	33.74	11.51%
6,000	296.90	331.08	34.18	11.51%
7,000	300.65	335.27	34.62	11.51%
8,000	304.40	339.46	35.06	11.52%
9,000	308.15	343.64	35.49	11.52%
10,000	311.90	347.83	35.93	11.52%
12,000	319.40	356.21	36.81	11.52%
14,000	326.90	364.58	37.68	11.53%
16,000	334.40	372.96	38.56	11.53%
18,000	341.90	381.33	39.43	11.53%
20,000	349.40	389.71	40.31	11.54%
25,000	368.15	410.64	42.49	11.54%
30,000	386.90	431.58	44.68	11.55%
35,000	405.65	452.52	46.87	11.55%
40,000	424.40	473.46	49.06	11.56%
45,000	443.15	494.39	51.24	11.56%
50,000	461.90	515.33	53.43	11.57%
60,000	499.40	557.21	57.81	11.58%
70,000	536.90	599.08	62.18	11.58%
80,000	574.40	640.96	66.56	11.59%
90,000	611.90	682.83	70.93	11.59%
100,000	649.40	724.71	75.31	11.60%
Average Usage 115,126	\$ 706.12	\$ 788.05	\$ 81.92	11.60%
Median Usage 106,890	\$ 675.24	\$ 753.56	\$ 78.32	11.60%

Present Rates:		
Monthly Minimum:	\$	274.40
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 200,000	\$	3.75
Over 200,000	\$	4.50
Proposed Rates:		
Monthly Minimum:	\$	305.96
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 200,000	\$	4.19
Over 200,000	\$	4.99

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
1 1/2 Inch Public Authority

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates: Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons Up to Over	Proposed Rates: Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons Up to Over
\$	85.75	\$ 95.61	\$ 9.86	11.50%		
1,000	89.50	99.80	10.30	11.51%	\$ 85.75	
2,000	93.25	103.99	10.74	11.51%		
3,000	97.00	108.17	11.17	11.52%		
4,000	100.75	112.36	11.61	11.52%		
5,000	104.50	116.55	12.05	11.53%	\$ 55,000	\$ 3.75
6,000	108.25	120.74	12.49	11.53%	\$ 55,000	\$ 4.50
7,000	112.00	124.92	12.92	11.54%		
8,000	115.75	129.11	13.36	11.54%		
9,000	119.50	133.30	13.80	11.55%		
10,000	123.25	137.49	14.24	11.55%		
12,000	130.75	145.86	15.11	11.56%		
14,000	138.25	154.24	15.99	11.56%	\$ 95.61	
16,000	145.75	162.61	16.86	11.57%		
18,000	153.25	170.99	17.74	11.57%		
20,000	160.75	179.36	18.61	11.58%		
25,000	179.50	200.30	20.80	11.59%	\$ 55,000	\$ 4.19
30,000	198.25	221.24	22.99	11.59%	\$ 55,000	\$ 4.99
35,000	217.00	242.17	25.17	11.60%		
40,000	235.75	263.11	27.36	11.61%		
45,000	254.50	284.05	29.55	11.61%		
50,000	273.25	304.99	31.74	11.61%		
60,000	314.50	350.86	36.36	11.56%		
70,000	359.50	400.74	41.24	11.47%		
80,000	404.50	450.61	46.11	11.40%		
90,000	449.50	500.49	50.99	11.34%		
100,000	494.50	550.36	55.86	11.30%		

Average Usage				
23,727	\$ 174.73	\$ 194.97	\$ 20.24	11.58%
Median Usage				
6,500	\$ 110.13	\$ 122.83	\$ 12.71	11.54%

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
2 Inch Public Authority

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates: Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons Up to Over	Proposed Rates: Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons Up to Over
\$	137.20	152.98	\$ 15.78	11.50%	\$	\$
1,000	140.95	157.17	16.22	11.50%		
2,000	144.70	161.35	16.65	11.51%		
3,000	148.45	165.54	17.09	11.51%		
4,000	152.20	169.73	17.53	11.52%		
5,000	155.95	173.92	17.97	11.52%		
6,000	159.70	178.10	18.40	11.52%		
7,000	163.45	182.29	18.84	11.53%		
8,000	167.20	186.48	19.28	11.53%		
9,000	170.95	190.67	19.72	11.53%		
10,000	174.70	194.85	20.15	11.54%		
12,000	182.20	203.23	21.03	11.54%		
14,000	189.70	211.60	21.90	11.55%		
16,000	197.20	219.98	22.78	11.55%		
18,000	204.70	228.35	23.65	11.55%		
20,000	212.20	236.73	24.53	11.56%		
25,000	230.95	257.67	26.72	11.57%		
30,000	249.70	278.60	28.90	11.58%		
35,000	268.45	299.54	31.09	11.58%		
40,000	287.20	320.48	33.28	11.59%		
45,000	305.95	341.42	35.47	11.59%		
50,000	324.70	362.35	37.65	11.60%		
60,000	362.20	404.23	42.03	11.60%		
70,000	399.70	446.10	46.40	11.61%		
80,000	437.20	487.98	50.78	11.61%		
90,000	474.70	529.85	55.15	11.62%		
100,000	519.70	579.73	60.03	11.55%		
Average Usage	180.92	201.80	\$ 20.88	11.54%		
Median Usage	170.95	190.67	\$ 19.72	11.53%		

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
4 Inch Commercial

Exhibit
Schedule H-4
Page 10
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 428.75	\$ 478.06	\$ 49.31	11.50%
1,000	432.50	482.24	49.74	11.50%
2,000	436.25	486.43	50.18	11.50%
3,000	440.00	490.62	50.62	11.50%
4,000	443.75	494.81	51.06	11.51%
5,000	447.50	498.99	51.49	11.51%
6,000	451.25	503.18	51.93	11.51%
7,000	455.00	507.37	52.37	11.51%
8,000	458.75	511.56	52.81	11.51%
9,000	462.50	515.74	53.24	11.51%
10,000	466.25	519.93	53.68	11.51%
12,000	473.75	528.31	54.56	11.52%
14,000	481.25	536.68	55.43	11.52%
16,000	488.75	545.06	56.31	11.52%
18,000	496.25	553.43	57.18	11.52%
20,000	503.75	561.81	58.06	11.52%
25,000	522.50	582.74	60.24	11.53%
30,000	541.25	603.68	62.43	11.53%
35,000	560.00	624.62	64.62	11.54%
40,000	578.75	645.56	66.81	11.54%
45,000	597.50	666.49	68.99	11.55%
50,000	616.25	687.43	71.18	11.55%
60,000	653.75	729.31	75.56	11.56%
70,000	691.25	771.18	79.93	11.56%
80,000	728.75	813.06	84.31	11.57%
90,000	766.25	854.93	88.68	11.57%
100,000	803.75	896.81	93.06	11.58%
Average Usage	\$ 2,917.20	\$ 3,247.02	\$ 329.83	11.31%
611,322				
Median Usage	\$ 2,768.96	\$ 3,082.73	\$ 313.77	11.33%
578,380				

Present Rates:
Monthly Minimum: \$ 428.75
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 350,000 \$ 3.75
Over 350,000 \$ 4.50

Proposed Rates:
Monthly Minimum: \$ 478.06
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 350,000 \$ 4.19
Over 350,000 \$ 4.99

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
 5/8 Inch Irrigation

Exhibit
 Schedule H-4
 Page 11
 Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates:	Proposed Rates:
	\$	\$	\$		Monthly Minimum:	Monthly Minimum:
1,000	17.15	19.12	1.97	11.50%	Gallons in Minimum	Gallons in Minimum
2,000	20.90	23.31	2.41	11.53%	Charge Per 1,000 Gallons	Charge Per 1,000 Gallons
3,000	24.65	27.50	2.85	11.55%	Up to	Up to
4,000	28.40	31.68	3.28	11.57%	Over	Over
5,000	32.15	35.87	3.72	11.58%		
6,000	35.90	40.06	4.16	11.59%		
7,000	39.65	44.25	4.60	11.59%		
8,000	43.40	48.43	5.03	11.60%		
9,000	47.15	52.62	5.47	11.61%		
10,000	50.90	56.81	5.91	11.61%		
12,000	55.40	61.80	6.40	11.55%		
14,000	64.40	71.77	7.37	11.45%		
16,000	73.40	81.75	8.35	11.37%		
18,000	82.40	91.72	9.32	11.31%		
20,000	91.40	101.70	10.30	11.27%		
25,000	100.40	111.67	11.27	11.23%		
30,000	122.90	136.61	13.71	11.16%		
35,000	145.40	161.55	16.15	11.11%		
40,000	167.90	186.48	18.58	11.07%		
45,000	190.40	211.42	21.02	11.04%		
50,000	212.90	236.36	23.46	11.02%		
60,000	235.40	261.30	25.90	11.00%		
70,000	280.40	311.17	30.77	10.97%		
80,000	325.40	361.05	35.65	10.95%		
90,000	370.40	410.92	40.52	10.94%		
100,000	415.40	460.80	45.40	10.93%		
	450.40	510.67	50.27	10.92%		
Average Usage						
17,095	\$ 87.33	\$ 97.18	\$ 9.86	11.29%		
Median Usage						
4,500	\$ 34.03	\$ 37.97	\$ 3.94	11.58%		

Present Rates:
 Monthly Minimum: \$ 17.15
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 9,000 \$ 3.75
 Over 9,000 \$ 4.50

Proposed Rates:
 Monthly Minimum: \$ 19.12
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 9,000 \$ 4.19
 Over 9,000 \$ 4.99

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
3/4 Inch Irrigation

Meter Size:

Exhibit
Schedule H-4
Page 12
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 26.80	\$ 28.68	\$ 1.88	7.03%
1,000	30.55	32.87	2.32	7.60%
2,000	34.30	37.06	2.76	8.04%
3,000	38.05	41.25	3.20	8.40%
4,000	41.80	45.43	3.63	8.69%
5,000	45.55	49.62	4.07	8.94%
6,000	49.30	53.81	4.51	9.14%
7,000	53.05	58.00	4.95	9.32%
8,000	56.80	62.18	5.38	9.48%
9,000	60.55	66.37	5.82	9.61%
10,000	64.30	70.56	6.26	9.74%
11,000	68.05	74.75	6.70	9.87%
12,000	71.80	78.94	7.14	9.99%
13,000	75.55	83.13	7.58	10.11%
14,000	79.30	87.32	8.02	10.23%
15,000	83.05	91.51	8.46	10.35%
16,000	86.80	95.70	8.90	10.47%
17,000	90.55	100.00	9.45	10.59%
18,000	94.30	104.29	9.99	10.71%
19,000	98.05	108.58	10.53	10.83%
20,000	101.80	112.87	11.07	10.95%
21,000	105.55	117.16	11.61	11.07%
22,000	109.30	121.45	12.15	11.19%
23,000	113.05	125.74	12.69	11.31%
24,000	116.80	130.03	13.23	11.43%
25,000	120.55	134.32	13.77	11.55%
26,000	124.30	138.61	14.31	11.67%
27,000	128.05	142.90	14.85	11.79%
28,000	131.80	147.19	15.39	11.91%
29,000	135.55	151.48	15.93	12.03%
30,000	139.30	155.77	16.47	12.15%
31,000	143.05	160.06	17.01	12.27%
32,000	146.80	164.35	17.55	12.39%
33,000	150.55	168.64	18.09	12.51%
34,000	154.30	172.93	18.63	12.63%
35,000	158.05	177.22	19.17	12.75%
36,000	161.80	181.51	19.71	12.87%
37,000	165.55	185.80	20.25	12.99%
38,000	169.30	190.09	20.79	13.11%
39,000	173.05	194.38	21.33	13.23%
40,000	176.80	198.67	21.87	13.35%
41,000	180.55	202.96	22.41	13.47%
42,000	184.30	207.25	22.95	13.59%
43,000	188.05	211.54	23.49	13.71%
44,000	191.80	215.83	24.03	13.83%
45,000	195.55	220.12	24.57	13.95%
46,000	199.30	224.41	25.11	14.07%
47,000	203.05	228.70	25.65	14.19%
48,000	206.80	232.99	26.19	14.31%
49,000	210.55	237.28	26.73	14.43%
50,000	214.30	241.57	27.27	14.55%
51,000	218.05	245.86	27.81	14.67%
52,000	221.80	250.15	28.35	14.79%
53,000	225.55	254.44	28.89	14.91%
54,000	229.30	258.73	29.43	15.03%
55,000	233.05	263.02	29.97	15.15%
56,000	236.80	267.31	30.51	15.27%
57,000	240.55	271.60	31.05	15.39%
58,000	244.30	275.89	31.59	15.51%
59,000	248.05	280.18	32.13	15.63%
60,000	251.80	284.47	32.67	15.75%
61,000	255.55	288.76	33.21	15.87%
62,000	259.30	293.05	33.75	15.99%
63,000	263.05	297.34	34.29	16.11%
64,000	266.80	301.63	34.83	16.23%
65,000	270.55	305.92	35.37	16.35%
66,000	274.30	310.21	35.91	16.47%
67,000	278.05	314.50	36.45	16.59%
68,000	281.80	318.79	36.99	16.71%
69,000	285.55	323.08	37.53	16.83%
70,000	289.30	327.37	38.07	16.95%
71,000	293.05	331.66	38.61	17.07%
72,000	296.80	335.95	39.15	17.19%
73,000	300.55	340.24	39.69	17.31%
74,000	304.30	344.53	40.23	17.43%
75,000	308.05	348.82	40.77	17.55%
76,000	311.80	353.11	41.31	17.67%
77,000	315.55	357.40	41.85	17.79%
78,000	319.30	361.69	42.39	17.91%
79,000	323.05	365.98	42.93	18.03%
80,000	326.80	370.27	43.47	18.15%
81,000	330.55	374.56	44.01	18.27%
82,000	334.30	378.85	44.55	18.39%
83,000	338.05	383.14	45.09	18.51%
84,000	341.80	387.43	45.63	18.63%
85,000	345.55	391.72	46.17	18.75%
86,000	349.30	396.01	46.71	18.87%
87,000	353.05	400.30	47.25	18.99%
88,000	356.80	404.59	47.79	19.11%
89,000	360.55	408.88	48.33	19.23%
90,000	364.30	413.17	48.87	19.35%
91,000	368.05	417.46	49.41	19.47%
92,000	371.80	421.75	49.95	19.59%
93,000	375.55	426.04	50.49	19.71%
94,000	379.30	430.33	51.03	19.83%
95,000	383.05	434.62	51.57	19.95%
96,000	386.80	438.91	52.11	20.07%
97,000	390.55	443.20	52.65	20.19%
98,000	394.30	447.49	53.19	20.31%
99,000	398.05	451.78	53.73	20.43%
100,000	401.80	456.07	54.27	20.55%
Average Usage	26,972	156.01	14.58	10.31%
Median Usage	9,500	68.86	6.06	9.66%

Present Rates:
Monthly Minimum: \$ 26.80
Gallons in Minimum -
Charge Per 1,000 Gallons 9,000 \$ 3.75
Up to 9,000 \$ 4.50
Over

Proposed Rates:
Monthly Minimum: \$ 28.68
Gallons in Minimum -
Charge Per 1,000 Gallons 9,000 \$ 4.19
Up to 9,000 \$ 4.99
Over

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
1 Inch Commercial

Exhibit
Schedule H-4
Page 13
Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 42.88	\$ 47.81	\$ 4.93	11.50%
1,000	46.63	51.99	5.37	11.51%
2,000	50.38	56.18	5.81	11.52%
3,000	54.13	60.37	6.24	11.53%
4,000	57.88	64.56	6.68	11.54%
5,000	61.63	68.74	7.12	11.55%
6,000	65.38	72.93	7.56	11.56%
7,000	69.13	77.12	7.99	11.56%
8,000	72.88	81.31	8.43	11.57%
9,000	76.63	85.49	8.87	11.57%
10,000	80.38	89.68	9.31	11.58%
12,000	87.88	98.06	10.18	11.59%
14,000	95.38	106.43	11.06	11.59%
16,000	102.88	114.81	11.93	11.60%
18,000	110.38	123.18	12.81	11.60%
20,000	117.88	131.56	13.68	11.61%
25,000	140.38	156.49	16.12	11.48%
30,000	162.88	181.43	18.56	11.39%
35,000	185.38	206.37	20.99	11.32%
40,000	207.88	231.31	23.43	11.27%
45,000	230.38	256.24	25.87	11.23%
50,000	252.88	281.18	28.31	11.19%
60,000	297.88	331.06	33.18	11.14%
70,000	342.88	380.93	38.06	11.10%
80,000	387.88	430.81	42.93	11.07%
90,000	432.88	480.68	47.81	11.04%
100,000	477.88	530.56	52.68	11.02%
Average Usage	\$ 119.28	\$ 133.12	\$ 13.83	11.60%
20,313				
Median Usage	\$ 71.00	\$ 79.21	\$ 8.21	11.57%
7,500				

Present Rates:
Monthly Minimum: \$ 42.88
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 20,000 \$ 3.75
Over 20,000 \$ 4.50

Proposed Rates:
Monthly Minimum: \$ 47.81
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 20,000 \$ 4.19
Over 20,000 \$ 4.99

Sahuarita Water Company, LLC

Bill Comparison Present and Proposed Rates
1 1/2 Inch Irrigation

Meter Size:

Exhibit
Schedule H-4
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Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 85.75	\$ 95.61	\$ 9.86	11.50%
1,000	89.50	99.80	10.30	11.51%
2,000	93.25	103.99	10.74	11.51%
3,000	97.00	108.17	11.17	11.52%
4,000	100.75	112.36	11.61	11.52%
5,000	104.50	116.55	12.05	11.53%
6,000	108.25	120.74	12.49	11.53%
7,000	112.00	124.92	12.92	11.54%
8,000	115.75	129.11	13.36	11.54%
9,000	119.50	133.30	13.80	11.55%
10,000	123.25	137.49	14.24	11.55%
12,000	130.75	145.86	15.11	11.56%
14,000	138.25	154.24	15.99	11.56%
16,000	145.75	162.61	16.86	11.57%
18,000	153.25	170.99	17.74	11.57%
20,000	160.75	179.36	18.61	11.58%
25,000	179.50	200.30	20.80	11.59%
30,000	198.25	221.24	22.99	11.59%
35,000	217.00	242.17	25.17	11.60%
40,000	235.75	263.11	27.36	11.61%
45,000	254.50	284.05	29.55	11.61%
50,000	273.25	304.99	31.74	11.61%
60,000	314.50	350.86	36.36	11.56%
70,000	359.50	400.74	41.24	11.47%
80,000	404.50	450.61	46.11	11.40%
90,000	449.50	500.49	50.99	11.34%
100,000	494.50	550.36	55.86	11.30%
Average Usage	\$ 262.60	\$ 293.09	\$ 30.49	11.61%
Median Usage	\$ 162.63	\$ 181.46	\$ 18.83	11.58%

Present Rates:
Monthly Minimum: \$ 85.75
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 55,000 \$ 3.75
Over 55,000 \$ 4.50

Proposed Rates:
Monthly Minimum: \$ 95.61
Gallons in Minimum -
Charge Per 1,000 Gallons
Up to 55,000 \$ 4.19
Over 55,000 \$ 4.99

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
2 Inch Irrigation

Exhibit
Schedule H-4
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Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 137.20	\$ 152.98	\$ 15.78	11.50%
1,000	140.95	157.17	16.22	11.50%
2,000	144.70	161.35	16.65	11.51%
3,000	148.45	165.54	17.09	11.51%
4,000	152.20	169.73	17.53	11.52%
5,000	155.95	173.92	17.97	11.52%
6,000	159.70	178.10	18.40	11.52%
7,000	163.45	182.29	18.84	11.53%
8,000	167.20	186.48	19.28	11.53%
9,000	170.95	190.67	19.72	11.53%
10,000	174.70	194.85	20.15	11.54%
12,000	182.20	203.23	21.03	11.54%
14,000	189.70	211.60	21.90	11.55%
16,000	197.20	219.98	22.78	11.55%
18,000	204.70	228.35	23.65	11.55%
20,000	212.20	236.73	24.53	11.56%
25,000	230.95	257.67	26.72	11.57%
30,000	249.70	278.60	28.90	11.58%
35,000	268.45	299.54	31.09	11.58%
40,000	287.20	320.48	33.28	11.59%
45,000	305.95	341.42	35.47	11.59%
50,000	324.70	362.35	37.65	11.60%
60,000	362.20	404.23	42.03	11.60%
70,000	399.70	446.10	46.40	11.61%
80,000	437.20	487.98	50.78	11.61%
90,000	474.70	529.85	55.15	11.62%
100,000	519.70	579.73	60.03	11.55%
Average Usage				
127,321	\$ 642.64	\$ 715.99	\$ 73.35	11.41%
Median Usage				
87,000	\$ 463.45	\$ 517.29	\$ 53.84	11.62%

Present Rates:
Monthly Minimum: \$ 137.20
Gallons in Minimum Charge Per 1,000 Gallons -
Up to 90,000 \$ 3.75
Over 90,000 \$ 4.50

Proposed Rates:
Monthly Minimum: \$ 152.98
Gallons in Minimum Charge Per 1,000 Gallons -
Up to 90,000 \$ 4.19
Over 90,000 \$ 4.99

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
3 Inch Irrigation

Exhibit
Schedule H-4
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Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates:	Proposed Rates:
-	\$ 274.40	\$ 305.96	\$ 31.56	11.50%	Monthly Minimum:	Monthly Minimum:
1,000	278.15	310.14	31.99	11.50%	Gallons in Minimum	Gallons in Minimum
2,000	281.90	314.33	32.43	11.50%	Charge Per 1,000 Gallons	Charge Per 1,000 Gallons
3,000	285.65	318.52	32.87	11.51%	Up to	Up to
4,000	289.40	322.71	33.31	11.51%	Over	Over
5,000	293.15	326.89	33.74	11.51%		
6,000	296.90	331.08	34.18	11.51%		
7,000	300.65	335.27	34.62	11.51%		
8,000	304.40	339.46	35.06	11.52%		
9,000	308.15	343.64	35.49	11.52%		
10,000	311.90	347.83	35.93	11.52%		
12,000	319.40	356.21	36.81	11.52%		
14,000	326.90	364.58	37.68	11.53%		
16,000	334.40	372.96	38.56	11.53%		
18,000	341.90	381.33	39.43	11.53%		
20,000	349.40	389.71	40.31	11.54%		
25,000	368.15	410.64	42.49	11.54%		
30,000	386.90	431.58	44.68	11.55%		
35,000	405.65	452.52	46.87	11.55%		
40,000	424.40	473.46	49.06	11.56%		
45,000	443.15	494.39	51.24	11.56%		
50,000	461.90	515.33	53.43	11.57%		
60,000	499.40	557.21	57.81	11.58%		
70,000	536.90	599.08	62.18	11.58%		
80,000	574.40	640.96	66.56	11.59%		
90,000	611.90	682.83	70.93	11.59%		
100,000	649.40	724.71	75.31	11.60%		
Average Usage	\$ 274.40	\$ 305.96	\$ 31.56	11.50%		
Median Usage	\$ 274.40	\$ 305.96	\$ 31.56	11.50%		

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
3 Inch Construction

Exhibit
Schedule H-4
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Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
-	\$ 274.40	\$ 305.96	\$ 31.56	11.50%	
1,000	278.90	310.94	32.04	11.49%	
2,000	283.40	315.93	32.53	11.48%	
3,000	287.90	320.92	33.02	11.47%	
4,000	292.40	325.91	33.51	11.46%	
5,000	296.90	330.89	33.99	11.45%	
6,000	301.40	335.88	34.48	11.44%	
7,000	305.90	340.87	34.97	11.43%	
8,000	310.40	345.86	35.46	11.42%	
9,000	314.90	350.84	35.94	11.41%	
10,000	319.40	355.83	36.43	11.41%	
12,000	328.40	365.81	37.41	11.39%	
14,000	337.40	375.78	38.38	11.38%	
16,000	346.40	385.76	39.36	11.36%	
18,000	355.40	395.73	40.33	11.35%	
20,000	364.40	405.71	41.31	11.34%	
25,000	386.90	430.64	43.74	11.31%	
30,000	409.40	455.58	46.18	11.28%	
35,000	431.90	480.52	48.62	11.26%	
40,000	454.40	505.46	51.06	11.24%	
45,000	476.90	530.39	53.49	11.22%	
50,000	499.40	555.33	55.93	11.20%	
60,000	544.40	605.21	60.81	11.17%	
70,000	589.40	655.08	65.68	11.14%	
80,000	634.40	704.96	70.56	11.12%	
90,000	679.40	754.83	75.43	11.10%	
100,000	724.40	804.71	80.31	11.09%	
Average Usage	784.11	\$ 870.88	\$ 86.77	11.07%	
113,269					
Median Usage	301.40	\$ 335.88	\$ 34.48	11.44%	
6,000					

Present Rates:
Monthly Minimum: \$ 274.40
Gallons in Minimum: -
Charge Per 1,000 Gallons: \$ 4.50
All gallons

Proposed Rates:
Monthly Minimum: \$ 305.96
Gallons in Minimum: -
Charge Per 1,000 Gallons: \$ 4.99
All Gallons

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 5/8 Inch Residential

Exhibit
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 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	143	148	137	132	123	131	129	137	149	135	155	144	1,663	1,663	-
1,001	1,000	272	261	263	269	282	331	337	388	386	339	321	354	3,803	5,466	1,903
2,001	2,000	420	401	468	379	419	426	403	483	509	427	520	553	5,408	10,874	10,018
3,001	3,000	574	649	687	599	583	565	526	614	570	567	628	771	7,333	18,207	28,354
4,001	4,000	744	760	839	749	738	656	597	614	700	653	738	781	8,636	26,843	58,585
5,001	5,000	672	718	665	725	634	580	577	570	594	629	620	653	7,637	34,480	92,955
6,001	6,000	572	537	565	516	513	487	456	443	481	500	490	489	6,049	40,529	126,227
7,001	7,000	369	387	354	431	379	379	360	334	355	380	342	302	4,372	44,901	154,648
8,001	8,000	263	264	241	271	300	274	264	259	248	270	261	203	3,118	48,019	178,034
9,001	9,000	188	161	154	182	202	198	215	191	186	221	169	144	2,211	50,230	196,829
10,001	10,000	133	112	88	132	129	168	154	132	116	145	129	78	1,516	51,746	211,232
11,001	11,000	62	75	53	81	97	112	131	102	102	97	71	52	1,035	52,781	222,100
12,001	12,000	56	32	27	55	56	74	90	70	58	68	53	31	670	53,451	229,805
13,001	13,000	30	22	17	22	41	64	80	41	41	49	35	29	471	53,922	235,693
14,001	14,000	18	14	16	18	30	40	57	38	30	36	19	11	327	54,249	240,107
15,001	15,000	16	12	12	18	24	23	41	40	18	25	22	3	254	54,503	243,790
16,001	16,000	11	10	3	13	11	28	36	17	18	20	16	10	193	54,696	246,782
17,001	17,000	6	5	4	3	17	15	27	12	8	7	8	6	118	54,814	248,729
18,001	18,000	6	2	3	1	4	14	24	10	5	7	9	6	91	54,905	250,322
19,001	19,000	2	6	2	2	10	10	16	13	3	11	8	2	85	54,990	251,894
20,001	20,000	-	3	2	2	3	8	12	7	5	8	6	-	56	55,046	252,986
21,001	21,000	2	-	-	-	1	5	8	7	4	5	-	-	32	55,078	253,642
22,001	22,000	2	-	-	3	3	3	6	4	3	6	2	1	33	55,111	254,352
23,001	23,000	-	1	-	-	2	3	6	7	2	2	-	-	24	55,135	254,892
24,001	24,000	-	2	-	-	-	-	6	2	4	-	-	-	18	55,153	255,315
25,001	25,000	-	-	-	-	-	1	3	8	2	2	-	-	16	55,169	255,707
26,001	26,000	-	-	-	-	-	2	4	-	1	1	1	-	10	55,179	255,962
27,001	27,000	2	-	-	1	-	1	2	1	-	-	-	-	7	55,186	256,147
28,001	28,000	-	-	-	1	-	2	1	3	-	-	-	-	8	55,194	256,367
29,001	29,000	1	1	-	-	-	1	1	2	-	2	-	-	8	55,202	256,595
30,001	30,000	1	-	-	-	-	-	2	-	-	-	-	-	3	55,205	256,684
31,001	31,000	1	-	-	-	-	-	3	-	-	-	-	-	4	55,209	256,806
32,001	32,000	-	-	-	-	-	-	1	-	1	1	-	-	4	55,213	256,932
33,001	33,000	-	-	-	-	-	-	2	-	1	-	1	1	5	55,218	257,094
34,001	34,000	-	-	-	-	-	1	-	2	-	-	-	-	2	55,220	257,161
35,001	35,000	-	-	-	-	-	-	-	1	-	-	-	-	2	55,222	257,230
36,001	36,000	-	-	-	-	-	-	1	-	-	-	-	1	2	55,224	257,301
37,001	37,000	-	-	-	-	-	-	1	-	-	-	-	-	2	55,226	257,374
38,001	38,000	1	-	-	-	-	-	-	-	-	-	-	-	1	55,227	257,412

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Meter Size:

[illegible]

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[illegible]

Totals

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Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
		4	7	12	8	9	6	5	3	3	7	9	9	82	82	
-	-															-
1,001	1,000	27	26	23	28	25	31	27	30	34	28	25	23	327	409	164
2,001	2,000	31	33	33	23	30	28	31	37	29	31	35	46	387	796	744
3,001	3,000	45	47	55	49	57	44	40	44	49	50	58	80	618	1,414	2,290
4,001	4,000	70	81	77	80	60	55	51	79	83	62	86	91	875	2,289	5,353
5,001	5,000	88	97	112	85	80	78	72	81	82	75	104	98	1,052	3,341	10,087
6,001	6,000	103	108	105	95	89	68	65	67	88	82	86	91	1,047	4,388	15,846
7,001	7,000	89	78	81	78	78	74	55	82	66	79	63	68	891	5,279	21,638
8,001	8,000	55	51	55	48	56	62	61	46	59	52	47	50	642	5,921	26,453
9,001	9,000	38	38	24	45	38	52	49	45	46	50	38	34	497	6,418	30,678
10,001	10,000	27	25	21	34	32	35	39	26	21	38	31	20	349	6,767	33,994
11,001	11,000	23	17	12	19	25	28	28	28	20	25	17	17	252	7,019	36,640
12,001	12,000	7	10	9	12	16	23	24	21	13	16	18	11	180	7,199	38,710
13,001	13,000	7	3	9	15	11	12	25	9	19	10	14	7	141	7,340	40,473
14,001	14,000	4	3	5	5	12	11	13	14	10	11	6	9	103	7,443	41,863
15,001	15,000	2	7	3	4	8	14	12	6	7	9	5	4	81	7,524	43,038
16,001	16,000	7	4	3	4	4	5	6	11	7	11	6	5	73	7,597	44,169
17,001	17,000	4	3	3	5	4	3	10	4	8	5	5	2	56	7,653	45,093
18,001	18,000	4	2	1	2	5	4	7	5	3	4	3	1	41	7,694	45,811
19,001	19,000	-	2	1	4	1	2	8	2	1	4	2	-	27	7,721	46,310
20,001	20,000	1	1	1	1	2	5	4	-	2	2	1	1	21	7,742	46,720
21,001	21,000	-	1	1	1	1	5	3	2	1	2	1	-	18	7,760	47,089
22,001	22,000	-	1	-	1	3	4	1	7	2	2	1	-	22	7,782	47,562
23,001	24,000	-	1	1	2	1	4	1	-	1	2	1	-	14	7,796	47,877
24,001	25,000	2	-	-	1	1	3	-	1	2	2	1	-	13	7,809	48,182
25,001	26,000	-	-	1	-	-	1	3	2	-	1	1	-	9	7,818	48,403
26,001	27,000	3	-	-	-	-	-	2	1	-	1	1	-	8	7,826	48,607
27,001	28,000	2	1	-	1	2	-	2	-	2	-	1	-	11	7,837	48,898
28,001	29,000	-	1	-	1	1	-	-	1	-	-	-	-	4	7,841	49,008
29,001	30,000	-	-	-	-	-	1	-	-	-	-	-	-	3	7,844	49,094
30,001	31,000	-	-	-	-	-	2	2	-	-	-	-	-	6	7,850	49,271
31,001	32,000	-	-	1	-	-	1	-	1	1	-	-	-	4	7,854	49,393
32,001	33,000	-	-	-	-	-	-	-	-	-	1	-	-	1	7,855	49,424
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,855	49,424
34,001	35,000	-	-	-	1	-	-	2	-	-	-	-	-	3	7,858	49,525
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,858	49,525
36,001	37,000	-	-	-	-	-	-	-	-	1	-	-	-	1	7,859	49,560
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,859	49,560
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,859	49,560

Exhibit
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Page 2

[illegible]

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Exhibit

Totals	643	648	650	652	653	654	649	657	660	662	666	667	7,861
								Average Usage					6,316
								Median Usage					5,500
								Average # Customers					655
								Change in Number of Customers					24

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

1 Inch Residential

[illegible]

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

1 Inch Residential

[illegible]

Totals

Average Usage

Median Usage

Average # Customers

4

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Page 4
Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Page 4

[illegible]

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

1 Inch Commercial

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 1 Inch Commercial

Exhibit
 Schedule H-5
 Page 4
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
----------------	--------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	---------------	----------------------------	--

Change in Number of Customers

Test Year Ended December 31, 2014

Meter Size:

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

[illegible]

Test Year Ended December 31, 2014
1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Meter Size:

[illegible]

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	-	1	-	-	-	2	2	-
1	1,000	1	1	1	1	1	1	1	1	2	1	-	2	14	16	7
1,001	2,000	2	2	2	2	1	1	1	1	-	-	2	-	14	30	28
2,001	3,000	-	1	-	-	-	-	-	-	-	1	-	-	2	32	33
3,001	4,000	2	-	1	-	-	-	2	-	1	-	-	2	8	40	61
4,001	5,000	-	2	1	1	-	1	-	-	1	2	-	2	13	53	120
5,001	6,000	1	1	1	1	4	2	1	-	2	1	3	1	17	70	213
6,001	7,000	2	1	1	1	-	-	-	1	-	-	-	1	6	76	252
7,001	8,000	1	1	-	1	-	-	-	1	-	-	-	-	4	80	282
8,001	9,000	-	-	-	-	-	-	-	-	-	-	1	-	1	81	291
9,001	10,000	-	-	1	1	-	-	-	-	-	-	-	-	2	83	310
10,001	11,000	-	-	-	-	1	-	2	-	-	-	-	-	3	86	341
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	86	341
12,001	13,000	-	-	-	-	-	2	-	-	-	-	-	-	2	88	366
13,001	14,000	-	-	2	-	-	-	-	-	-	-	-	-	2	90	393
14,001	15,000	-	-	-	-	-	-	-	-	1	-	-	-	1	91	408
15,001	16,000	-	-	-	-	1	-	-	-	-	1	-	-	1	92	423
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	1	93	440
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	93	440
18,001	19,000	-	-	-	-	-	-	-	-	1	-	-	-	-	93	440
19,001	20,000	-	-	-	-	-	-	-	-	-	-	1	-	2	95	479
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	1	1	96	499
21,001	22,000	-	-	-	-	-	-	-	-	2	-	-	-	2	98	542
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	98	542
23,001	24,000	-	-	-	1	-	-	-	-	-	-	-	-	1	99	566
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	99	566
25,001	26,000	-	-	-	-	1	-	-	-	-	-	-	-	-	100	591
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100	591
27,001	28,000	-	1	-	-	-	-	-	-	-	-	-	-	1	101	619
28,001	29,000	1	-	-	-	-	-	1	-	-	-	-	-	2	103	676
29,001	30,000	1	-	-	-	-	-	-	-	-	-	-	-	1	104	705
30,001	31,000	-	-	-	-	-	-	-	-	-	1	-	-	1	105	736
31,001	32,000	-	-	-	-	-	-	-	-	1	1	-	-	2	107	799
32,001	33,000	-	-	1	-	-	-	-	-	1	-	-	-	2	109	864
33,001	34,000	-	-	-	-	-	-	1	-	-	-	-	1	2	111	931
34,001	35,000	-	-	-	-	-	-	-	-	1	-	1	-	2	113	1,000
35,001	36,000	-	-	-	-	1	-	-	-	-	-	1	1	2	115	1,071
36,001	37,000	-	1	-	-	-	-	-	-	1	-	-	-	3	118	1,180
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,180
38,001	39,000	-	-	-	-	-	-	-	-	1	-	-	-	1	119	1,219
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	119	1,219

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Commercial

Exhibit
 Schedule H-5
 Page 6
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	1	-	-	-	1	154	3,262
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	3,262
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	3,262
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	3,262
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	3,262
86,001	87,000	-	-	1	-	-	-	-	1	-	-	-	-	2	156	3,435
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	156	3,435
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	156	3,435
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	1	1	157	3,525
90,001	91,000	-	1	-	-	-	-	-	-	-	-	-	-	1	158	3,615
91,001	92,000	-	-	-	1	-	-	-	-	-	-	-	-	1	159	3,707
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	159	3,707
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	1	160	3,800
94,001	95,000	1	-	-	-	-	-	-	-	-	-	-	-	1	161	3,895
95,001	96,000	-	-	-	-	-	-	1	-	-	1	-	-	2	163	4,086
96,001	97,000	-	-	-	-	1	-	-	-	-	-	-	-	1	164	4,182
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	164	4,182
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	164	4,182
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	166	4,381
147,640	147,640	1	-	-	-	-	-	-	-	-	-	-	-	2	167	4,529
115,380	115,380	1	-	-	-	-	-	-	-	-	-	-	-	1	168	4,644
138,960	138,960	-	1	-	-	-	-	-	-	-	-	-	-	1	169	4,783
116,560	116,560	-	1	-	-	-	-	-	-	-	-	-	-	1	170	4,900
134,540	134,540	-	1	-	-	-	-	-	-	-	-	-	-	1	171	5,034
134,750	134,750	-	-	1	-	-	-	-	-	-	-	-	-	1	172	5,169
149,760	149,760	-	-	1	-	-	-	-	-	-	-	-	-	1	173	5,319
135,150	135,150	-	-	1	-	-	-	-	-	-	-	-	-	1	174	5,454
145,770	145,770	-	-	-	1	-	-	-	-	-	-	-	-	1	175	5,600
117,900	117,900	-	-	-	1	-	-	-	-	-	-	-	-	1	176	5,717
110,680	110,680	-	-	-	1	-	-	-	-	-	-	-	-	1	177	5,828
158,590	158,590	-	-	-	1	-	-	-	-	-	-	-	-	1	178	5,987
113,980	113,980	-	-	-	-	1	-	-	-	-	-	-	-	1	179	6,101
149,060	149,060	-	-	-	-	1	-	-	-	-	-	-	-	1	180	6,250
154,620	154,620	-	-	-	-	1	-	-	-	-	-	-	-	1	181	6,404
185,790	185,790	-	-	-	-	1	-	-	-	-	-	-	-	1	182	6,590
153,700	153,700	-	-	-	-	-	1	-	-	-	-	-	-	1	183	6,744
167,210	167,210	-	-	-	-	-	-	1	-	-	-	-	-	1	184	6,911
168,940	168,940	-	-	-	-	-	-	1	-	-	-	-	-	1	185	7,080
293,740	293,740	-	-	-	-	-	-	1	-	-	-	-	-	1	186	7,374
100,580	100,580	-	-	-	-	-	-	-	1	-	-	-	-	1	187	7,474
117,280	117,280	-	-	-	-	-	-	-	1	-	-	-	-	1	188	7,592

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Witness: Bourassa

[illegible]

Totals

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Commercial

Exhibit
 Schedule H-5
 Page 6
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of <u>Jan-14</u>	Month of <u>Feb-14</u>	Month of <u>Mar-14</u>	Month of <u>Apr-14</u>	Month of <u>May-14</u>	Month of <u>Jun-14</u>	Month of <u>Jul-14</u>	Month of <u>Aug-14</u>	Month of <u>Sep-14</u>	Month of <u>Oct-14</u>	Month of <u>Nov-14</u>	Month of <u>Dec-14</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
														56,638		
														32,500		
														18		
														1		

Average Usage

Median Usage

Average # Customers

Change in Number of Customers

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Page 7
Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1	73
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	73
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	73
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	73
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	73
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	73
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	1	2	151
79,001	80,000	-	-	-	-	-	-	-	-	1	-	-	-	2	4	310
80,001	81,000	-	-	-	-	-	-	-	-	-	-	1	-	-	4	310

Sahuarita Water Company, LLC

Test Year Ended December 31, 2014

3 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	310
96,001	97,000	1	-	-	-	-	-	-	-	-	-	-	-	1	5	407
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	407
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	407
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	407
103,560	103,560	-	1	-	-	-	-	-	-	-	-	-	-	1	6	510
110,220	110,220	-	-	1	-	-	-	-	-	-	-	-	-	1	7	620
111,870	111,870	-	-	-	-	-	-	-	1	-	-	-	-	1	8	732
132,490	132,490	-	-	-	1	-	-	-	-	-	-	-	-	1	9	865
153,060	153,060	-	-	-	-	1	-	-	-	-	-	-	-	1	10	1,018
173,290	173,290	-	-	-	-	-	1	-	-	-	-	-	-	1	11	1,191
190,520	190,520	-	-	-	-	-	-	1	-	-	-	-	-	1	12	1,382
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	1,382
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		1,382
																115,126
																106,890
																1
																-

Average Usage

Median Usage

Average # Customers

Change in Number of Customers

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 1 1/2 Inch Public Authority

Exhibit
 Schedule H-5
 Page 8
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
1	1,000	1	1	1	1	1	1	1	4	1	1	1	1	12	12	6
1,001	2,000	1	1	1	1	1	1	1	4	1	1	1	1	8	20	18
2,001	3,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
3,001	4,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
4,001	5,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
5,001	6,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
6,001	7,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
7,001	8,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
8,001	9,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
9,001	10,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
10,001	11,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
11,001	12,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
12,001	13,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
13,001	14,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
14,001	15,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
15,001	16,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
16,001	17,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
17,001	18,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
18,001	19,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
19,001	20,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
20,001	21,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
21,001	22,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
22,001	23,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
23,001	24,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
24,001	25,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
25,001	26,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
26,001	27,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
27,001	28,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
28,001	29,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
29,001	30,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
30,001	31,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
31,001	32,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
32,001	33,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
33,001	34,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
34,001	35,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
35,001	36,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
36,001	37,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
37,001	38,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38
38,001	39,000	1	1	1	1	1	1	1	4	1	1	1	1	8	28	38

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Meter Size:

[illegible]

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	52	482
80,001	81,000	-	1	-	-	-	-	-	-	-	-	-	-	1	53	563
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	563
88,001	89,000	-	-	-	-	-	-	-	1	-	-	-	-	1	54	651
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	651
98,001	99,000	-	-	-	-	-	-	-	1	-	-	-	-	1	55	750
99,001	100,000	-	-	-	-	-	-	-	-	-	-	1	-	1	56	849
111,850	111,850	-	-	-	1	-	-	-	-	-	-	-	-	1	57	961
120,550	120,550	-	-	-	-	1	-	-	-	-	-	-	-	1	58	1,081
108,320	108,320	-	-	-	-	-	1	-	-	-	-	-	-	1	59	1,190
233,890	233,890	-	-	-	-	-	-	1	-	-	-	-	-	1	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,424
-	-	-	-	-	-	-	-	-	-							

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Public Authority

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,259
Totals		9	9	9	9	9	9	9	9	9	9	9	9	-	108	1,259
														Average Usage		11,658
														Median Usage		9,000
														Average # Customers		9
														Change in Number of Customers		-

Exhibit
 Schedule H-5
 Page 9
 Witness: Bourassa

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Page 10
Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Page 10
Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
476,490	476,490	-	-	-	-	-	-	-	-	-	-	-	-	-	1	476
493,780	493,780	-	-	-	1	-	-	-	-	-	-	-	-	1	2	970
498,750	498,750	-	-	-	-	-	1	-	-	-	-	-	-	1	3	1,469
534,150	534,150	-	-	-	-	-	-	-	-	-	-	1	-	1	4	2,003
537,530	537,530	1	-	-	-	-	-	-	-	-	-	-	-	1	5	2,541
559,970	559,970	-	-	1	-	-	-	-	-	-	-	-	-	1	6	3,101
596,790	596,790	-	-	-	-	1	-	-	-	-	-	-	-	1	7	3,697
598,250	598,250	-	1	-	-	-	-	-	-	-	-	-	-	1	8	4,296
688,000	688,000	-	-	-	-	-	-	-	1	-	-	-	-	1	9	4,984
704,190	704,190	-	-	-	-	-	-	1	-	-	-	-	-	1	10	5,688
814,850	814,850	-	-	-	-	-	-	-	-	1	-	-	-	1	11	6,503
833,110	833,110	-	-	-	-	-	-	-	-	-	1	-	-	1	12	7,336
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	7,336
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	7,336

Totals	1	1	1	1	1	1	1	1	1	1	1	1	1	12	611,322	Average Usage
															578,380	Median Usage
															1	Average # Customers
															-	Change in Number of Customers

Test Year Ended December 31, 2014

Meter Size:

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

[illegible]

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 5/8 Inch Irrigation

Exhibit
 Schedule H-5
 Page 11
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	145	1,585
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	145	1,585
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	145	1,585
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	145	1,585
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	145	1,585
84,001	85,000	-	1	-	-	-	-	1	-	-	-	-	-	2	147	1,754
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	147	1,754
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	1	148	1,847
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	148	1,847
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	148	1,847
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	148	1,847
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	148	1,847
100,001	101,000	-	-	-	-	-	-	-	-	-	-	-	-	-	148	1,847
101,001	102,000	1	-	-	-	-	-	-	-	-	-	-	-	1	149	1,955
102,001	103,000	-	-	-	-	-	-	-	-	-	-	-	-	-	150	2,057
103,001	104,000	-	-	-	-	-	-	-	-	-	-	-	-	-	151	2,161
104,001	105,000	-	-	-	-	-	-	-	-	-	-	-	-	-	152	2,313
105,001	106,000	-	-	-	-	-	-	-	-	-	-	-	-	-	153	2,415
106,001	107,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	2,518
107,001	108,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
108,001	109,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
109,001	110,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
110,001	111,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
111,001	112,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
112,001	113,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
113,001	114,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
114,001	115,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
115,001	116,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
116,001	117,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
117,001	118,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
118,001	119,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
119,001	120,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
120,001	121,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
121,001	122,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
122,001	123,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
123,001	124,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
124,001	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
125,001	126,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
126,001	127,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
127,001	128,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
128,001	129,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
129,001	130,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
130,001	131,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
131,001	132,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
132,001	133,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
133,001	134,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
134,001	135,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
135,001	136,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
136,001	137,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
137,001	138,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
138,001	139,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
139,001	140,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
140,001	141,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
141,001	142,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
142,001	143,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
143,001	144,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
144,001	145,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
145,001	146,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
146,001	147,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
147,001	148,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
148,001	149,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
149,001	150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
150,001	151,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
151,001	152,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
152,001	153,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
153,001	154,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
154,001	155,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
155,001	156,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
156,001	157,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
157,001	158,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
158,001	159,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
159,001	160,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
160,001	161,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
161,001	162,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
162,001	163,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
163,001	164,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
164,001	165,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
165,001	166,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
166,001	167,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
167,001	168,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
168,001	169,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
169,001	170,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
170,001	171,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
171,001	172,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
172,001	173,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
173,001	174,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
174,001	175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
175,001	176,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
176,001	177,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
177,001	178,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
178,001	179,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
179,001	180,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
180,001	181,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
181,001	182,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
182,001	183,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
183,001	184,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
184,001	185,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
185,001	186,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	2,650
186,001	187,000	-	-	-	-											

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Meter Size:

[illegible]

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	5,000	-	-	-	-	1	-	-	1	-	-	-	-	-	3	14
6,001	6,000	-	-	1	1	-	1	1	-	1	1	-	-	7	10	52
7,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	52
8,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	52
9,001	9,000	-	-	1	1	-	-	1	-	1	-	1	-	6	16	103
10,001	10,000	1	2	-	-	1	1	-	1	-	-	-	-	7	23	170
11,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
12,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
13,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
14,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
15,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
16,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
17,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
18,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	170
19,001	19,000	-	-	-	1	-	-	-	-	-	-	-	-	1	24	189
20,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	189
21,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	1	25	211
22,001	22,000	1	-	-	-	-	-	-	-	-	-	-	-	-	25	211
23,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
24,001	24,000	-	1	-	1	-	-	-	-	-	-	-	-	2	27	258
25,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
26,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
27,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
28,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
29,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
30,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
31,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
32,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
33,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
34,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
35,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
36,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
37,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
38,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
39,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 3/4 Inch Irrigation

Exhibit
 Schedule H-5
 Page 12
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27	258
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	1	-	28	300
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28	300
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28	300
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28	300
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28	300
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28	300
48,001	49,000	-	-	-	-	1	-	-	-	-	1	-	-	2	30	397
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30	397
70,001	71,000	1	-	-	-	-	1	-	-	-	-	-	-	-	30	397
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	2	32	538
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32	538
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32	538
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32	538
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32	538
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32	538
77,001	78,000	-	-	-	-	-	-	-	1	-	-	-	-	1	33	616
78,001	79,000	-	-	-	-	-	-	-	-	1	-	-	-	1	34	694

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Meter Size:

[illegible]

Totals

Average Usage	Median Usage	Average # Customers	Change in Number of
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Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 1 Inch Commercial

Exhibit
 Schedule H-5
 Page 13
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
1	1,000	5	4	4	3	2	3	2	3	7	10	10	10	63	63	-
1,001	2,000	3	4	4	5	7	4	6	6	5	4	4	5	57	120	29
2,001	3,000	4	6	4	3	1	4	2	-	1	-	1	2	28	148	71
3,001	4,000	-	-	1	1	1	2	1	2	3	1	2	1	15	163	108
4,001	5,000	5	4	4	4	3	3	1	2	2	4	2	3	37	200	238
5,001	6,000	5	3	3	3	3	4	4	4	-	2	1	3	34	234	391
6,001	7,000	2	2	2	4	5	2	2	2	3	1	4	1	30	264	556
7,001	8,000	2	6	4	3	2	2	3	3	1	3	2	3	34	298	777
8,001	9,000	2	-	2	1	1	1	-	1	1	1	2	-	12	310	867
9,001	10,000	-	3	-	-	-	2	1	2	-	1	-	2	11	321	960
10,001	11,000	3	1	1	-	-	1	-	-	3	-	1	1	10	331	1,055
11,001	12,000	-	2	2	-	4	3	3	1	1	1	1	2	21	352	1,276
12,001	13,000	-	3	2	-	-	2	-	2	1	2	1	1	13	365	1,425
13,001	14,000	3	2	2	1	3	2	2	3	3	1	1	1	25	390	1,738
14,001	15,000	-	-	1	1	-	1	4	1	-	1	2	2	15	405	1,940
15,001	16,000	-	1	1	3	-	1	1	-	3	4	3	2	18	423	2,201
16,001	17,000	2	1	1	2	2	2	1	1	3	1	2	-	18	441	2,480
17,001	18,000	1	1	1	-	1	-	-	1	-	1	-	1	7	448	2,596
18,001	19,000	-	-	-	1	1	-	1	1	3	-	-	-	7	455	2,718
19,001	20,000	-	-	-	-	-	1	-	-	1	-	-	-	2	457	2,755
20,001	21,000	1	1	-	-	-	-	1	-	1	-	1	2	9	466	2,931
21,001	22,000	-	1	2	2	1	1	-	2	1	2	-	-	13	479	3,197
22,001	23,000	1	-	-	1	2	1	-	-	-	-	1	2	8	487	3,369
23,001	24,000	1	-	1	-	-	-	-	-	-	1	1	-	4	491	3,459
24,001	25,000	1	-	1	-	1	-	-	-	1	1	-	-	5	496	3,577
25,001	26,000	-	-	-	-	-	-	-	-	-	1	-	-	2	498	3,626
26,001	27,000	-	-	-	1	-	-	-	-	-	-	-	1	2	500	3,677
27,001	28,000	-	-	-	-	1	1	-	1	-	-	-	-	4	504	3,783
28,001	29,000	1	-	-	-	-	-	-	-	-	-	1	-	4	508	3,893
29,001	30,000	-	-	-	-	-	-	-	-	1	-	-	-	2	510	3,950
30,001	31,000	-	-	-	-	1	-	-	-	-	-	-	-	1	511	3,979
31,001	32,000	-	-	-	-	-	1	-	-	-	-	-	-	3	514	4,071
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	2	516	4,134
33,001	34,000	1	1	-	-	-	-	-	-	-	-	-	1	1	517	4,166
34,001	35,000	-	-	-	-	-	-	1	-	-	-	-	-	4	521	4,300
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	521	4,300	4,300
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	3	524	4,407
37,001	38,000	-	-	-	-	2	1	2	-	-	-	-	-	3	527	4,516
38,001	39,000	-	-	1	-	-	-	1	1	-	-	-	-	4	531	4,666
		-	-	-	-	-	-	-	-	-	-	-	-	1	532	4,705

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 1 Inch Commercial

Exhibit
 Schedule H-5
 Page 13
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	565	6,481
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	565	6,481
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	565	6,481
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	565	6,481
83,001	84,000	-	-	-	-	-	-	1	-	-	-	-	-	1	566	6,565
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	566	6,565
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	1	1	567	6,650
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	567	6,650
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	567	6,650
88,001	89,000	-	-	1	-	-	-	-	-	-	-	1	-	2	569	6,827
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	569	6,827
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	569	6,827
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	569	6,827
92,001	93,000	-	-	-	-	-	-	1	-	-	-	-	-	1	570	6,920
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	570	6,920
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	570	6,920
95,001	96,000	-	-	-	-	-	-	-	-	1	-	-	-	1	571	7,015
96,001	97,000	-	-	-	-	-	1	-	-	-	-	-	1	2	573	7,208
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	573	7,208
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	573	7,208
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	573	7,208
120,480	120,480	1	-	-	-	-	-	-	-	-	-	-	-	-	574	7,329
119,330	119,330	1	-	-	-	-	-	-	-	-	-	-	-	-	575	7,448
215,380	215,380	-	1	-	-	-	-	-	-	-	-	-	-	1	576	7,663
112,470	112,470	-	1	-	-	-	-	-	-	-	-	-	-	1	577	7,776
102,000	102,000	-	1	-	-	-	-	-	-	-	-	-	-	1	578	7,878
199,700	199,700	-	-	1	-	-	-	-	-	-	-	-	-	1	579	8,078
116,550	116,550	-	-	1	-	-	-	-	-	-	-	-	-	1	580	8,194
204,050	204,050	-	-	-	1	-	-	-	-	-	-	-	-	1	581	8,398
103,170	103,170	-	-	-	1	-	-	-	-	-	-	-	-	1	582	8,501
106,440	106,440	-	-	-	-	1	-	-	-	-	-	-	-	1	583	8,608
207,630	207,630	-	-	-	-	1	-	-	-	-	-	-	-	1	584	8,815
113,030	113,030	-	-	-	-	-	1	-	-	-	-	-	-	1	585	8,928
210,740	210,740	-	-	-	-	-	1	-	-	-	-	-	-	1	586	9,139
117,990	117,990	-	-	-	-	-	-	1	-	-	-	-	-	1	587	9,257
121,380	121,380	-	-	-	-	-	-	1	-	-	-	-	-	1	588	9,379
226,410	226,410	-	-	-	-	-	-	1	-	-	-	-	-	1	589	9,605
103,340	103,340	-	-	-	-	-	-	-	1	-	-	-	-	1	590	9,708
116,300	116,300	-	-	-	-	-	-	-	-	1	-	-	-	1	591	9,825
119,690	119,690	-	-	-	-	-	-	-	-	1	-	-	-	1	592	9,944

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 1 Inch Commercial

Exhibit
 Schedule H-5
 Page 13
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
180,260	180,260	-	-	-	-	-	-	-	1	-	-	-	-	1	593	10,125
252,520	252,520	-	-	-	-	-	-	-	1	-	-	-	-	1	594	10,377
316,940	316,940	-	-	-	-	-	-	-	1	-	-	-	-	1	595	10,694
355,580	355,580	-	-	-	-	-	-	-	1	-	-	-	-	1	596	11,050
128,940	128,940	-	-	-	-	-	-	-	-	1	-	-	-	1	597	11,179
180,550	180,550	-	-	-	-	-	-	-	-	1	-	-	-	1	598	11,359
166,890	166,890	-	-	-	-	-	-	-	-	-	1	-	-	1	599	11,526
203,720	203,720	-	-	-	-	-	-	-	-	-	1	-	-	1	600	11,730
102,340	102,340	-	-	-	-	-	-	-	-	-	-	1	-	1	601	11,832
146,640	146,640	-	-	-	-	-	-	-	-	-	-	1	-	1	602	11,979
169,780	169,780	-	-	-	-	-	-	-	-	-	-	1	-	1	603	12,148
120,420	120,420	-	-	-	-	-	-	-	-	-	-	-	1	1	604	12,269
														-	604	12,269

Totals	50	50	50	49	50	50	50	50	51	51	51	51	51	604	20,313
															7,500
															50
															1

Average Usage
 Median Usage
 Average # Customers
 Change in Number of Customers

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	-	2	-	-	-	-	-	-	-	1	-	-	3	3	1
1,001	1,000	1	-	-	-	-	-	-	-	-	-	-	-	1	4	-
2,001	2,000	1	1	1	-	-	-	-	1	1	-	-	1	7	11	11
3,001	3,000	1	1	1	1	2	-	-	1	-	2	-	1	15	26	49
4,001	4,000	-	-	1	-	-	-	-	-	-	-	-	-	1	27	52
5,001	5,000	-	1	-	2	-	2	-	-	-	-	-	-	7	34	84
6,001	6,000	1	1	1	-	-	-	-	1	1	1	1	1	9	43	133
7,001	7,000	1	-	-	-	-	-	-	-	1	-	-	-	3	46	153
8,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	46	153
9,001	9,000	-	-	-	-	-	1	-	-	-	-	-	-	1	47	161
10,001	10,000	-	-	-	-	-	-	-	-	-	-	1	-	1	48	171
11,001	11,000	-	-	-	-	-	-	-	1	-	-	-	-	1	49	181
12,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	49	181
13,001	13,000	-	-	1	1	1	1	-	-	-	-	-	-	6	55	256
14,001	14,000	-	-	-	1	-	-	2	-	-	-	-	-	3	58	297
15,001	15,000	-	1	-	-	1	1	-	1	-	-	-	-	3	61	340
16,001	16,000	-	-	-	-	1	1	1	-	-	1	-	-	3	64	387
17,001	17,000	-	-	-	-	-	-	-	-	1	-	-	1	2	66	420
18,001	18,000	-	-	-	-	-	-	-	1	-	-	-	-	1	67	437
19,001	19,000	-	-	-	-	1	-	1	-	-	-	-	-	1	68	456
20,001	20,000	-	-	1	-	-	-	-	-	-	-	1	-	3	71	514
21,001	21,000	-	-	1	1	-	-	-	1	-	-	-	-	4	75	596
22,001	22,000	-	1	-	-	1	-	-	-	-	-	-	-	3	78	661
23,001	23,000	-	-	-	1	-	1	1	-	1	-	-	1	3	81	728
24,001	24,000	-	-	-	-	-	-	1	-	-	-	-	-	4	85	822
25,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	85	822
26,001	26,000	-	1	-	-	-	-	-	1	1	-	2	-	5	90	950
27,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	90	950
28,001	28,000	-	-	-	1	-	-	-	-	-	1	-	1	3	93	1,032
29,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	93	1,032
30,001	30,000	1	-	-	-	-	-	-	-	-	-	-	-	1	94	1,062
31,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,062
32,001	32,000	-	1	-	-	-	-	-	-	-	-	-	-	1	95	1,093
33,001	33,000	1	-	-	-	-	1	-	-	-	-	1	-	3	98	1,191
34,001	34,000	-	-	-	-	-	-	-	1	-	1	-	-	2	100	1,258
35,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100	1,258
36,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100	1,258
37,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100	1,258
38,001	38,000	-	-	-	1	-	-	-	-	1	-	-	-	2	102	1,333
39,001	39,000	-	-	-	-	1	-	-	-	-	-	-	-	1	103	1,371
40,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103	1,371

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
1 1/2 Inch Irrigation

Meter Size:

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103	1,371
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103	1,371
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	1	-	104	1,414
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	104	1,414
44,001	45,000	-	-	1	-	-	-	-	-	-	-	-	-	1	105	1,458
45,001	46,000	-	-	-	-	-	-	-	-	-	-	1	-	1	106	1,504
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	106	1,504
47,001	48,000	-	-	-	-	-	-	-	-	1	-	-	-	2	108	1,599
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,599
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,599
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,599
51,001	52,000	1	-	-	-	-	-	-	-	-	-	-	-	-	110	1,702
52,001	53,000	-	-	-	-	-	-	1	-	-	-	-	1	2	112	1,807
53,001	54,000	-	1	-	-	-	-	-	-	-	-	-	-	2	113	1,860
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	1	113	1,860
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	113	1,860
63,001	64,000	-	-	-	1	-	-	-	1	-	-	-	-	2	115	1,987
64,001	65,000	-	1	-	-	-	-	-	-	-	-	-	-	1	116	2,052
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	116	2,052
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	116	2,052
67,001	68,000	-	-	-	-	-	-	-	-	1	-	-	-	1	117	2,119
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	117	2,119
69,001	70,000	-	-	1	-	-	-	-	-	-	-	-	-	1	118	2,189
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	2,189
77,001	78,000	-	1	-	-	-	-	-	-	-	-	-	-	-	118	2,189
78,001	79,000	1	-	-	-	-	-	-	-	-	-	-	-	1	119	2,266
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	1	120	2,345
80,001	81,000	1	-	-	-	-	-	-	-	-	-	-	1	1	121	2,424
														1	122	2,505

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

1 1/2 Inch Irrigation

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,505
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,505
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,505
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,505
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,505
86,001	87,000	-	-	-	-	-	-	-	-	-	-	1	-	1	123	2,590
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,590
277,580	277,580	1	-	-	-	-	-	-	-	-	-	-	-	-	124	2,868
136,600	136,600	-	-	1	-	-	-	-	-	-	-	-	-	1	125	3,004
117,730	117,730	-	-	1	-	-	-	-	-	-	-	-	-	1	126	3,122
150,550	150,550	-	-	-	1	-	-	-	-	-	-	-	-	1	127	3,273
157,090	157,090	-	-	-	-	1	-	-	-	-	-	-	-	1	128	3,430
252,270	252,270	-	-	-	-	1	-	-	-	-	-	-	-	1	129	3,682
184,860	184,860	-	-	-	-	-	1	-	-	-	-	-	-	1	130	3,867
226,580	226,580	-	-	-	-	-	1	-	-	-	-	-	-	1	131	4,093
165,670	165,670	-	-	-	-	-	-	1	-	-	-	-	-	1	132	4,259
294,270	294,270	-	-	-	-	-	-	1	-	-	-	-	-	1	133	4,553
128,570	128,570	-	-	-	-	-	-	-	1	-	-	-	-	1	134	4,682
324,620	324,620	-	-	-	-	-	-	-	1	-	-	-	-	1	135	5,006
128,470	128,470	-	-	-	-	-	-	-	-	-	-	-	-	1	136	5,135
280,400	280,400	-	-	-	-	-	-	-	-	1	-	-	-	1	137	5,415
139,670	139,670	-	-	-	-	-	-	-	-	-	1	-	-	1	138	5,555
173,520	173,520	-	-	-	-	-	-	-	-	-	1	-	-	1	139	5,729
209,000	209,000	-	-	-	-	-	-	-	-	-	-	-	-	1	140	5,938
147,230	147,230	-	-	-	-	-	-	-	-	-	-	1	-	1	141	6,085
269,230	269,230	-	-	-	-	-	-	-	-	-	-	-	-	1	142	6,354
122,830	122,830	-	-	-	-	-	-	-	-	-	-	-	1	1	143	6,477
314,180	314,180	-	-	-	-	-	-	-	-	-	-	-	1	1	144	6,791
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144	6,791

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014

Exhibit
 Schedule H-5
 Page 14
 Witness: Bourassa

Meter Size:

1 1/2 Inch Irrigation

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
		12	12	12	12	12	12	12	12	12	12	12	12	144		
														47,160		
														20,500		
														12		
														-		

Totals

Average Usage
 Median Usage
 Average # Customers
 Change in Number of Customers

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Irrigation

Exhibit
 Schedule H-5
 Page 15
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
1	1,000	2	3	-	-	-	-	-	-	1	2	2	2	13	13	-
1,001	2,000	5	2	1	1	1	1	1	1	1	2	1	2	19	32	10
2,001	3,000	-	-	1	-	-	2	-	-	-	-	-	-	3	35	14
3,001	4,000	-	1	1	-	-	-	-	-	-	-	-	-	2	37	19
4,001	5,000	-	-	-	-	-	-	-	-	1	1	1	-	3	40	30
5,001	6,000	1	-	-	-	-	-	-	-	-	2	-	1	6	46	57
6,001	7,000	1	-	-	-	-	-	-	-	1	-	1	1	5	51	84
7,001	8,000	3	-	1	-	-	-	-	-	-	-	-	-	5	56	117
8,001	9,000	-	2	-	1	1	2	-	-	-	-	-	-	6	62	162
9,001	10,000	-	-	2	1	2	-	1	1	1	-	1	1	9	71	238
10,001	11,000	-	-	-	1	1	-	-	-	1	-	1	-	4	75	276
11,001	12,000	-	1	-	-	-	1	-	-	-	-	-	-	3	78	308
12,001	13,000	1	1	1	2	-	-	-	-	-	-	-	1	3	81	342
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	5	86	405
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	3	89	445
15,001	16,000	-	2	-	1	-	-	1	1	-	-	-	1	6	95	532
16,001	17,000	-	1	1	-	-	1	-	-	-	1	-	-	5	100	610
17,001	18,000	1	-	-	-	1	-	-	-	-	-	-	-	4	104	676
18,001	19,000	1	-	1	1	2	-	-	-	-	-	1	-	6	110	781
19,001	20,000	-	1	-	-	-	-	-	1	1	-	-	-	5	115	873
20,001	21,000	-	-	1	-	-	-	-	-	-	-	-	-	1	116	893
21,001	22,000	1	1	-	1	1	-	-	-	-	1	-	-	5	121	995
22,001	23,000	1	1	1	1	-	-	-	1	1	1	-	-	6	127	1,124
23,001	24,000	-	1	-	-	-	1	1	1	2	-	-	1	10	137	1,349
24,001	25,000	1	-	-	-	-	1	-	1	-	-	-	-	5	142	1,467
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	2	2	144	1,516
26,001	27,000	-	-	-	-	1	-	-	-	-	-	-	-	2	146	1,567
27,001	28,000	1	1	-	-	-	-	-	-	-	-	-	-	2	148	1,620
28,001	29,000	-	-	1	-	-	1	-	-	1	-	-	-	3	151	1,702
29,001	30,000	1	1	-	2	-	1	-	-	1	1	1	-	8	159	1,930
30,001	31,000	-	-	-	1	-	-	-	-	1	1	-	-	6	165	2,107
31,001	32,000	-	1	1	-	-	-	-	-	-	-	-	1	5	170	2,260
32,001	33,000	-	1	-	-	-	-	1	1	-	-	-	-	4	174	2,386
33,001	34,000	1	-	1	1	-	-	-	-	1	-	1	1	7	181	2,613
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	1	182	2,647
35,001	36,000	-	2	-	1	1	1	-	2	1	1	-	1	10	192	2,992
36,001	37,000	1	-	-	-	-	1	-	-	-	-	-	-	2	194	3,063
37,001	38,000	-	-	-	1	-	-	1	-	-	-	1	1	5	199	3,245
38,001	39,000	-	-	-	-	1	-	-	-	-	-	-	-	1	200	3,283
39,001	40,000	-	-	-	-	-	1	-	-	-	1	-	-	4	204	3,437
		-	-	-	-	-	-	-	-	-	1	1	-	2	206	3,516

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

[illegible]

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Irrigation

Exhibit
 Schedule H-5
 Page 15
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	1	281	7,978
82,001	83,000	-	1	-	-	-	-	-	-	-	-	-	-	1	282	8,061
83,001	84,000	-	-	-	-	-	-	-	1	-	-	-	-	2	284	8,228
84,001	85,000	-	-	1	-	-	-	-	-	-	-	-	-	2	286	8,397
85,001	86,000	-	1	-	-	-	-	-	-	-	-	-	-	1	287	8,482
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	1	1	288	8,569
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	1	1	289	8,656
88,001	89,000	-	-	1	-	-	-	-	-	-	-	-	-	2	291	8,833
89,001	90,000	-	1	-	-	-	-	-	-	-	-	-	-	2	293	9,012
90,001	91,000	-	1	-	-	-	-	-	-	-	-	-	-	1	294	9,103
91,001	92,000	-	-	-	1	-	-	-	-	-	-	-	-	3	297	9,377
92,001	93,000	1	-	-	-	-	-	-	-	-	1	-	-	4	301	9,747
93,001	94,000	1	1	-	-	-	-	-	-	-	-	-	-	2	303	9,934
94,001	95,000	1	-	-	-	-	-	-	-	-	-	-	-	1	304	10,029
95,001	96,000	-	-	-	-	1	-	-	-	-	-	-	-	1	305	10,124
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	2	307	10,317
97,001	98,000	-	1	-	-	-	-	-	-	-	-	-	-	1	308	10,415
98,001	99,000	1	-	-	-	-	-	-	-	1	-	-	-	4	312	10,809
99,001	100,000	-	1	-	-	-	-	-	-	-	-	-	-	1	313	10,908
208,670	208,670	1	-	-	-	-	-	-	-	-	-	-	-	1	314	11,117
108,010	108,010	2	-	-	-	-	-	-	-	-	-	-	-	2	316	11,333
100,010	100,010	1	-	-	-	-	-	-	-	-	-	-	-	1	317	11,433
114,700	114,700	1	-	-	-	-	-	-	-	-	-	-	-	1	318	11,548
156,540	156,540	1	-	-	-	-	-	-	-	-	-	-	-	1	319	11,704
271,700	271,700	1	-	-	-	-	-	-	-	-	-	-	-	1	320	11,976
121,390	121,390	1	-	-	-	-	-	-	-	-	-	-	-	1	321	12,097
136,540	136,540	1	-	-	-	-	-	-	-	-	-	-	-	1	322	12,234
181,380	181,380	1	-	-	-	-	-	-	-	-	-	-	-	1	323	12,415
108,770	108,770	1	-	-	-	-	-	-	-	-	-	-	-	1	324	12,524
184,910	184,910	1	-	-	-	-	-	-	-	-	-	-	-	1	325	12,709
102,520	102,520	1	-	-	-	-	-	-	-	-	-	-	-	1	326	12,811
108,540	108,540	1	-	-	-	-	-	-	-	-	-	-	-	1	327	12,920
253,040	253,040	1	-	-	-	-	-	-	-	-	-	-	-	1	328	13,173
235,080	235,080	-	1	-	-	-	-	-	-	-	-	-	-	1	329	13,408
231,520	231,520	-	-	1	-	-	-	-	-	-	-	-	-	1	330	13,639
197,850	197,850	-	1	-	-	-	-	-	-	-	-	-	-	1	331	13,837
147,550	147,550	-	-	1	-	-	-	-	-	-	-	-	-	1	332	13,985
111,010	111,010	-	-	-	-	-	-	-	-	-	-	-	-	1	333	14,096
110,120	110,120	-	-	1	-	-	-	-	-	-	-	-	-	1	334	14,206
109,100	109,100	-	-	1	-	-	-	-	-	-	-	-	-	1	335	14,315
108,690	108,690	-	1	-	-	-	-	-	-	-	-	-	-	1	336	14,424

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
106,100	106,100	-	1	-	-	-	-	-	-	-	-	-	-	1	337	14,530
104,380	104,380	-	1	-	-	-	-	-	-	-	-	-	-	1	338	14,634
100,450	100,450	-	-	-	-	-	-	-	-	-	-	-	-	1	339	14,735
393,790	393,790	-	-	1	-	-	-	-	-	-	-	-	-	1	340	15,129
234,880	234,880	-	-	1	-	-	-	-	-	-	-	-	-	1	341	15,363
130,810	130,810	-	-	1	-	-	-	-	-	-	-	-	-	1	342	15,494
124,800	124,800	-	-	1	-	-	-	-	-	-	-	-	-	1	343	15,619
244,680	244,680	-	-	1	-	-	-	-	-	-	-	-	-	1	344	15,864
248,670	248,670	-	-	1	-	-	-	-	-	-	-	-	-	1	345	16,112
141,750	141,750	-	-	1	-	-	-	-	-	-	-	-	-	1	346	16,254
163,010	163,010	-	-	1	-	-	-	-	-	-	-	-	-	1	347	16,417
153,880	153,880	-	-	1	-	-	-	-	-	-	-	-	-	1	348	16,571
142,760	142,760	-	-	1	-	-	-	-	-	-	-	-	-	1	349	16,714
220,270	220,270	-	-	1	-	-	-	-	-	-	-	-	-	1	350	16,934
190,550	190,550	-	-	1	-	-	-	-	-	-	-	-	-	1	351	17,125
127,140	127,140	-	-	1	-	-	-	-	-	-	-	-	-	1	352	17,252
429,510	429,510	-	-	1	-	-	-	-	-	-	-	-	-	1	353	17,681
165,650	165,650	-	-	1	-	-	-	-	-	-	-	-	-	1	354	17,847
163,130	163,130	-	-	1	-	-	-	-	-	-	-	-	-	1	355	18,010
182,190	182,190	-	-	1	-	-	-	-	-	-	-	-	-	1	356	18,192
174,050	174,050	-	-	1	-	-	-	-	-	-	-	-	-	1	357	18,366
167,550	167,550	-	-	1	-	-	-	-	-	-	-	-	-	1	358	18,534
161,910	161,910	-	-	1	-	-	-	-	-	-	-	-	-	1	359	18,696
276,790	276,790	-	-	-	1	-	-	-	-	-	-	-	-	1	360	18,973
133,240	133,240	-	-	-	1	-	-	-	-	-	-	-	-	1	361	19,106
115,980	115,980	-	-	-	1	-	-	-	-	-	-	-	-	1	362	19,222
197,940	197,940	-	-	-	1	-	-	-	-	-	-	-	-	1	363	19,420
206,240	206,240	-	-	-	1	-	-	-	-	-	-	-	-	1	364	19,626
311,170	311,170	-	-	-	1	-	-	-	-	-	-	-	-	1	365	19,937
140,570	140,570	-	-	-	1	-	-	-	-	-	-	-	-	1	366	20,078
110,880	110,880	-	-	-	1	-	-	-	-	-	-	-	-	1	367	20,189
103,320	103,320	-	-	-	1	-	-	-	-	-	-	-	-	1	368	20,292
146,320	146,320	-	-	-	1	-	-	-	-	-	-	-	-	1	369	20,438
137,200	137,200	-	-	-	1	-	-	-	-	-	-	-	-	1	370	20,575
554,800	554,800	-	-	-	1	-	-	-	-	-	-	-	-	1	371	21,130
123,990	123,990	-	-	-	1	-	-	-	-	-	-	-	-	1	372	21,254
179,170	179,170	-	-	-	1	-	-	-	-	-	-	-	-	1	373	21,433
139,630	139,630	-	-	-	1	-	-	-	-	-	-	-	-	1	374	21,573
161,380	161,380	-	-	-	1	-	-	-	-	-	-	-	-	1	375	21,734
147,650	147,650	-	-	-	1	-	-	-	-	-	-	-	-	1	376	21,882
106,020	106,020	-	-	-	1	-	-	-	-	-	-	-	-	1	377	21,988

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
 2 Inch Irrigation

Exhibit
 Schedule H-5
 Page 15
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
206,480	206,480	-	-	-	1	-	-	-	-	-	-	-	-	1	378	22,194
104,720	104,720	-	-	-	-	1	-	-	-	-	-	-	-	1	379	22,299
126,750	126,750	-	-	-	-	1	-	-	-	-	-	-	-	1	380	22,426
169,570	169,570	-	-	-	-	1	-	-	-	-	-	-	-	1	381	22,596
185,970	185,970	-	-	-	-	1	-	-	-	-	-	-	-	1	382	22,781
198,780	198,780	-	-	-	-	1	-	-	-	-	-	-	-	1	383	22,980
232,590	232,590	-	-	-	-	1	-	-	-	-	-	-	-	1	384	23,213
255,630	255,630	-	-	-	-	1	-	-	-	-	-	-	-	1	385	23,468
257,780	257,780	-	-	-	-	1	-	-	-	-	-	-	-	1	386	23,726
258,380	258,380	-	-	-	-	1	-	-	-	-	-	-	-	1	387	23,985
271,050	271,050	-	-	-	-	1	-	-	-	-	-	-	-	1	388	24,256
277,840	277,840	-	-	-	-	1	-	-	-	-	-	-	-	1	389	24,534
309,410	309,410	-	-	-	-	1	-	-	-	-	-	-	-	1	390	24,843
310,450	310,450	-	-	-	-	1	-	-	-	-	-	-	-	1	391	25,153
317,250	317,250	-	-	-	-	1	-	-	-	-	-	-	-	1	392	25,471
320,790	320,790	-	-	-	-	1	-	-	-	-	-	-	-	1	393	25,791
326,050	326,050	-	-	-	-	1	-	-	-	-	-	-	-	1	394	26,117
352,230	352,230	-	-	-	-	1	-	-	-	-	-	-	-	1	395	26,470
361,110	361,110	-	-	-	-	1	-	-	-	-	-	-	-	1	396	26,831
385,250	385,250	-	-	-	-	1	-	-	-	-	-	-	-	1	397	27,216
414,730	414,730	-	-	-	-	1	-	-	-	-	-	-	-	1	398	27,631
440,110	440,110	-	-	-	-	1	-	-	-	-	-	-	-	1	399	28,071
592,680	592,680	-	-	-	-	1	-	-	-	-	-	-	-	1	400	28,664
100,100	100,100	-	-	-	-	-	1	-	-	-	-	-	-	1	401	28,764
109,230	109,230	-	-	-	-	-	1	-	-	-	-	-	-	1	402	28,873
116,000	116,000	-	-	-	-	-	1	-	-	-	-	-	-	1	403	28,989
127,000	127,000	-	-	-	-	-	1	-	-	-	-	-	-	1	404	29,116
130,830	130,830	-	-	-	-	-	1	-	-	-	-	-	-	1	405	29,247
154,800	154,800	-	-	-	-	-	1	-	-	-	-	-	-	1	406	29,402
187,860	187,860	-	-	-	-	-	1	-	-	-	-	-	-	1	407	29,589
235,670	235,670	-	-	-	-	-	1	-	-	-	-	-	-	1	408	29,825
239,280	239,280	-	-	-	-	-	1	-	-	-	-	-	-	1	409	30,064
241,040	241,040	-	-	-	-	-	1	-	-	-	-	-	-	1	410	30,305
250,130	250,130	-	-	-	-	-	1	-	-	-	-	-	-	1	411	30,556
259,290	259,290	-	-	-	-	-	1	-	-	-	-	-	-	1	412	30,815
263,330	263,330	-	-	-	-	-	1	-	-	-	-	-	-	1	413	31,078
286,720	286,720	-	-	-	-	-	1	-	-	-	-	-	-	1	414	31,365
287,790	287,790	-	-	-	-	-	1	-	-	-	-	-	-	1	415	31,653
297,750	297,750	-	-	-	-	-	1	-	-	-	-	-	-	1	416	31,950
298,900	298,900	-	-	-	-	-	1	-	-	-	-	-	-	1	417	32,249
327,190	327,190	-	-	-	-	-	1	-	-	-	-	-	-	1	418	32,577

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
352,190	352,190	-	-	-	-	-	1	1	-	-	-	-	-	1	419	32,929
374,760	374,760	-	-	-	-	-	1	1	-	-	-	-	-	1	420	33,303
388,890	388,890	-	-	-	-	-	1	1	-	-	-	-	-	1	421	33,692
419,780	419,780	-	-	-	-	-	1	1	-	-	-	-	-	1	422	34,112
453,960	453,960	-	-	-	-	-	1	1	-	-	-	-	-	1	423	34,566
484,760	484,760	-	-	-	-	-	1	1	-	-	-	-	-	1	424	35,051
509,480	509,480	-	-	-	-	-	1	1	-	-	-	-	-	1	425	35,560
575,120	575,120	-	-	-	-	-	1	1	-	-	-	-	-	1	426	36,135
111,000	111,000	-	-	-	-	-	-	1	-	-	-	-	-	1	427	36,246
118,940	118,940	-	-	-	-	-	-	1	-	-	-	-	-	1	428	36,365
119,740	119,740	-	-	-	-	-	-	1	-	-	-	-	-	1	429	36,485
120,850	120,850	-	-	-	-	-	-	1	-	-	-	-	-	1	430	36,606
139,880	139,880	-	-	-	-	-	-	1	-	-	-	-	-	1	431	36,746
187,870	187,870	-	-	-	-	-	-	1	-	-	-	-	-	1	432	36,934
197,750	197,750	-	-	-	-	-	-	1	-	-	-	-	-	1	433	37,131
206,070	206,070	-	-	-	-	-	-	1	-	-	-	-	-	1	434	37,338
241,250	241,250	-	-	-	-	-	-	1	-	-	-	-	-	1	435	37,579
245,990	245,990	-	-	-	-	-	-	1	-	-	-	-	-	1	436	37,825
246,290	246,290	-	-	-	-	-	-	1	-	-	-	-	-	1	437	38,071
262,850	262,850	-	-	-	-	-	-	1	-	-	-	-	-	1	438	38,334
263,350	263,350	-	-	-	-	-	-	1	-	-	-	-	-	1	439	38,597
295,650	295,650	-	-	-	-	-	-	1	-	-	-	-	-	1	440	38,893
316,190	316,190	-	-	-	-	-	-	1	-	-	-	-	-	1	441	39,209
349,000	349,000	-	-	-	-	-	-	1	-	-	-	-	-	1	442	39,558
370,100	370,100	-	-	-	-	-	-	1	-	-	-	-	-	1	443	39,928
383,710	383,710	-	-	-	-	-	-	1	-	-	-	-	-	1	444	40,312
395,980	395,980	-	-	-	-	-	-	1	-	-	-	-	-	1	445	40,708
447,610	447,610	-	-	-	-	-	-	1	-	-	-	-	-	1	446	41,156
463,220	463,220	-	-	-	-	-	-	1	-	-	-	-	-	1	447	41,619
483,860	483,860	-	-	-	-	-	-	1	-	-	-	-	-	1	448	42,103
538,410	538,410	-	-	-	-	-	-	1	-	-	-	-	-	1	449	42,641
539,290	539,290	-	-	-	-	-	-	1	-	-	-	-	-	1	450	43,180
602,640	602,640	-	-	-	-	-	-	1	-	-	-	-	-	1	451	43,783
631,150	631,150	-	-	-	-	-	-	1	-	-	-	-	-	1	452	44,414
781,690	781,690	-	-	-	-	-	-	1	-	-	-	-	-	1	453	45,196
848,510	848,510	-	-	-	-	-	-	1	-	-	-	-	-	1	454	46,044
112,020	112,020	-	-	-	-	-	-	-	1	-	-	-	-	1	455	46,156
123,220	123,220	-	-	-	-	-	-	-	1	-	-	-	-	1	456	46,280
134,640	134,640	-	-	-	-	-	-	-	1	-	-	-	-	1	457	46,414
157,930	157,930	-	-	-	-	-	-	-	1	-	-	-	-	1	458	46,572
162,370	162,370	-	-	-	-	-	-	-	1	-	-	-	-	1	459	46,734

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
163,000	163,000	-	-	-	-	-	-	-	-	-	-	-	-	1	460	46,897
168,580	168,580	-	-	-	-	-	-	-	-	-	-	-	-	1	461	47,066
190,110	190,110	-	-	-	-	-	-	-	-	-	-	-	-	1	462	47,256
238,560	238,560	-	-	-	-	-	-	-	-	-	-	-	-	1	463	47,495
250,580	250,580	-	-	-	-	-	-	-	-	-	-	-	-	1	464	47,745
253,250	253,250	-	-	-	-	-	-	-	-	-	-	-	-	1	465	47,999
259,790	259,790	-	-	-	-	-	-	-	-	-	-	-	-	1	466	48,258
278,460	278,460	-	-	-	-	-	-	-	-	-	-	-	-	1	467	48,537
295,170	295,170	-	-	-	-	-	-	-	-	-	-	-	-	1	468	48,832
339,820	339,820	-	-	-	-	-	-	-	-	-	-	-	-	1	469	49,172
345,000	345,000	-	-	-	-	-	-	-	-	-	-	-	-	1	470	49,517
376,120	376,120	-	-	-	-	-	-	-	-	-	-	-	-	1	471	49,893
397,580	397,580	-	-	-	-	-	-	-	-	-	-	-	-	1	472	50,290
424,200	424,200	-	-	-	-	-	-	-	-	-	-	-	-	1	473	50,715
429,660	429,660	-	-	-	-	-	-	-	-	-	-	-	-	1	474	51,144
433,810	433,810	-	-	-	-	-	-	-	-	-	-	-	-	1	475	51,578
436,430	436,430	-	-	-	-	-	-	-	-	-	-	-	-	1	476	52,015
437,850	437,850	-	-	-	-	-	-	-	-	-	-	-	-	1	477	52,452
453,330	453,330	-	-	-	-	-	-	-	-	-	-	-	-	1	478	52,906
475,220	475,220	-	-	-	-	-	-	-	-	-	-	-	-	1	479	53,381
102,420	102,420	-	-	-	-	-	-	-	-	-	-	-	-	1	480	53,483
102,830	102,830	-	-	-	-	-	-	-	-	-	-	-	-	1	481	53,586
105,000	105,000	-	-	-	-	-	-	-	-	-	-	-	-	1	482	53,691
115,160	115,160	-	-	-	-	-	-	-	-	-	-	-	-	1	483	53,806
116,370	116,370	-	-	-	-	-	-	-	-	-	-	-	-	1	484	53,923
119,290	119,290	-	-	-	-	-	-	-	-	-	-	-	-	1	485	54,042
132,510	132,510	-	-	-	-	-	-	-	-	-	-	-	-	1	486	54,175
145,490	145,490	-	-	-	-	-	-	-	-	-	-	-	-	1	487	54,320
156,790	156,790	-	-	-	-	-	-	-	-	-	-	-	-	1	488	54,477
157,660	157,660	-	-	-	-	-	-	-	-	-	-	-	-	1	489	54,635
160,340	160,340	-	-	-	-	-	-	-	-	-	-	-	-	1	490	54,795
161,440	161,440	-	-	-	-	-	-	-	-	-	-	-	-	1	491	54,956
176,000	176,000	-	-	-	-	-	-	-	-	-	-	-	-	1	492	55,132
182,340	182,340	-	-	-	-	-	-	-	-	-	-	-	-	1	493	55,315
184,330	184,330	-	-	-	-	-	-	-	-	-	-	-	-	1	494	55,499
186,340	186,340	-	-	-	-	-	-	-	-	-	-	-	-	1	495	55,685
196,490	196,490	-	-	-	-	-	-	-	-	-	-	-	-	1	496	55,882
223,930	223,930	-	-	-	-	-	-	-	-	-	-	-	-	1	497	56,106
243,820	243,820	-	-	-	-	-	-	-	-	-	-	-	-	1	498	56,350
252,310	252,310	-	-	-	-	-	-	-	-	-	-	-	-	1	499	56,602
255,470	255,470	-	-	-	-	-	-	-	-	-	-	-	-	1	500	56,857

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Irrigation

Exhibit
 Schedule H-5
 Page 15
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
262,360	262,360	-	-	-	-	-	-	-	-	1	-	-	-	1	501	57,120
267,090	267,090	-	-	-	-	-	-	-	-	1	-	-	-	1	502	57,387
271,200	271,200	-	-	-	-	-	-	-	-	1	-	-	-	1	503	57,658
352,390	352,390	-	-	-	-	-	-	-	-	1	-	-	-	1	504	58,010
102,000	102,000	-	-	-	-	-	-	-	-	-	-	-	-	1	505	58,112
109,440	109,440	-	-	-	-	-	-	-	-	-	1	-	-	1	506	58,222
112,820	112,820	-	-	-	-	-	-	-	-	-	1	-	-	1	507	58,335
116,490	116,490	-	-	-	-	-	-	-	-	-	1	-	-	1	508	58,451
120,470	120,470	-	-	-	-	-	-	-	-	-	1	-	-	1	509	58,572
121,690	121,690	-	-	-	-	-	-	-	-	-	1	-	-	1	510	58,693
125,830	125,830	-	-	-	-	-	-	-	-	-	1	-	-	1	511	58,819
133,760	133,760	-	-	-	-	-	-	-	-	-	1	-	-	1	512	58,953
135,340	135,340	-	-	-	-	-	-	-	-	-	1	-	-	1	513	59,088
140,960	140,960	-	-	-	-	-	-	-	-	-	1	-	-	1	514	59,229
143,390	143,390	-	-	-	-	-	-	-	-	-	1	-	-	1	515	59,373
143,800	143,800	-	-	-	-	-	-	-	-	-	1	-	-	1	516	59,516
162,010	162,010	-	-	-	-	-	-	-	-	-	1	-	-	1	517	59,678
189,000	189,000	-	-	-	-	-	-	-	-	-	1	-	-	1	518	59,867
192,200	192,200	-	-	-	-	-	-	-	-	-	1	-	-	1	519	60,060
215,800	215,800	-	-	-	-	-	-	-	-	-	1	-	-	1	520	60,275
216,050	216,050	-	-	-	-	-	-	-	-	-	1	-	-	1	521	60,491
263,250	263,250	-	-	-	-	-	-	-	-	-	1	-	-	1	522	60,755
293,690	293,690	-	-	-	-	-	-	-	-	-	1	-	-	1	523	61,048
345,870	345,870	-	-	-	-	-	-	-	-	-	1	-	-	1	524	61,394
376,060	376,060	-	-	-	-	-	-	-	-	-	1	-	-	1	525	61,770
404,470	404,470	-	-	-	-	-	-	-	-	-	1	-	-	1	526	62,175
102,360	102,360	-	-	-	-	-	-	-	-	-	1	-	-	1	527	62,277
109,710	109,710	-	-	-	-	-	-	-	-	-	-	1	-	1	528	62,387
111,920	111,920	-	-	-	-	-	-	-	-	-	-	1	-	1	529	62,499
120,940	120,940	-	-	-	-	-	-	-	-	-	-	1	-	1	530	62,620
123,410	123,410	-	-	-	-	-	-	-	-	-	-	1	-	1	531	62,743
123,480	123,480	-	-	-	-	-	-	-	-	-	-	1	-	1	532	62,867
125,020	125,020	-	-	-	-	-	-	-	-	-	-	1	-	1	533	62,992
166,000	166,000	-	-	-	-	-	-	-	-	-	-	1	-	1	534	63,158
173,490	173,490	-	-	-	-	-	-	-	-	-	-	1	-	1	535	63,331
183,260	183,260	-	-	-	-	-	-	-	-	-	-	1	-	1	536	63,514
184,340	184,340	-	-	-	-	-	-	-	-	-	-	1	-	1	537	63,699
205,200	205,200	-	-	-	-	-	-	-	-	-	-	1	-	1	538	63,904
207,700	207,700	-	-	-	-	-	-	-	-	-	-	1	-	1	539	64,112
210,580	210,580	-	-	-	-	-	-	-	-	-	-	1	-	1	540	64,322
234,550	234,550	-	-	-	-	-	-	-	-	-	-	1	-	1	541	64,557

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
240,090	240,090	-	-	-	-	-	-	-	-	-	-	1	1	1	542	64,797
242,440	242,440	-	-	-	-	-	-	-	-	-	-	1	1	1	543	65,039
259,000	259,000	-	-	-	-	-	-	-	-	-	-	1	1	1	544	65,298
285,730	285,730	-	-	-	-	-	-	-	-	-	-	1	1	1	545	65,584
303,460	303,460	-	-	-	-	-	-	-	-	-	-	1	1	1	546	65,887
319,200	319,200	-	-	-	-	-	-	-	-	-	-	1	1	1	547	66,207
322,180	322,180	-	-	-	-	-	-	-	-	-	-	1	1	1	548	66,529
328,410	328,410	-	-	-	-	-	-	-	-	-	-	1	1	1	549	66,857
347,530	347,530	-	-	-	-	-	-	-	-	-	-	1	1	1	550	67,205
351,740	351,740	-	-	-	-	-	-	-	-	-	-	1	1	1	551	67,556
441,090	441,090	-	-	-	-	-	-	-	-	-	-	1	1	1	552	67,998
567,150	567,150	-	-	-	-	-	-	-	-	-	-	1	1	1	553	68,565
107,060	107,060	-	-	-	-	-	-	-	-	-	-	-	1	1	554	68,672
132,660	132,660	-	-	-	-	-	-	-	-	-	-	-	1	1	555	68,804
142,000	142,000	-	-	-	-	-	-	-	-	-	-	-	1	1	556	68,946
142,890	142,890	-	-	-	-	-	-	-	-	-	-	-	1	1	557	69,089
147,660	147,660	-	-	-	-	-	-	-	-	-	-	-	1	1	558	69,237
151,420	151,420	-	-	-	-	-	-	-	-	-	-	-	1	1	559	69,388
154,180	154,180	-	-	-	-	-	-	-	-	-	-	-	1	1	560	69,543
163,510	163,510	-	-	-	-	-	-	-	-	-	-	-	1	1	561	69,706
168,950	168,950	-	-	-	-	-	-	-	-	-	-	-	1	1	562	69,875
170,640	170,640	-	-	-	-	-	-	-	-	-	-	-	1	1	563	70,046
171,290	171,290	-	-	-	-	-	-	-	-	-	-	-	1	1	564	70,217
173,830	173,830	-	-	-	-	-	-	-	-	-	-	-	1	1	565	70,391
180,190	180,190	-	-	-	-	-	-	-	-	-	-	-	1	1	566	70,571
185,280	185,280	-	-	-	-	-	-	-	-	-	-	-	1	1	567	70,756
187,650	187,650	-	-	-	-	-	-	-	-	-	-	-	1	1	568	70,944
202,700	202,700	-	-	-	-	-	-	-	-	-	-	-	1	1	569	71,147
212,450	212,450	-	-	-	-	-	-	-	-	-	-	-	1	1	570	71,359
220,390	220,390	-	-	-	-	-	-	-	-	-	-	-	1	1	571	71,579
234,010	234,010	-	-	-	-	-	-	-	-	-	-	-	1	1	572	71,813
308,920	308,920	-	-	-	-	-	-	-	-	-	-	-	1	1	573	72,122
344,750	344,750	-	-	-	-	-	-	-	-	-	-	-	1	1	574	72,467
433,440	433,440	-	-	-	-	-	-	-	-	-	-	-	1	1	575	72,901
436,330	436,330	-	-	-	-	-	-	-	-	-	-	-	1	1	576	73,337
														-		73,337

Totals

Average Usage

Median Usage

Average # Customers

Sahuarita Water Company, LLC
 Test Year Ended December 31, 2014
 2 Inch Irrigation

Exhibit
 Schedule H-5
 Page 15
 Witness: Bourassa

Meter Size:

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
														-		

Change in Number of Customers

Exhibit
Schedule H-5
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Witness: Bourassa

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[illegible]

Exhibit
Schedule H-5
Page 17
Witness: Bourassa

Page 17
Witness: Bourassa[illegible]

Exhibit
Schedule H-5
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Witness: Bourassa

[illegible]

COMPANY NAME SAHUARITA WATER COMPANY LLC	
Name of System:	ADEQ Public Water System Number: 10-312

WATER UTILITY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-611144	300	1365	905	24	10	1975
55-216840	300	1800	1080	18	10	2008
55-562962	(not equipped)	0 (out of service)	500	8	(not equipped)	1997
55-611141	(not equipped)	0 (out of service)	982	24	(not equipped)	1970
55-611143	(not equipped)	0 (out of service)	1053	24	(not equipped)	1974
55-611145	(not equipped)	0	990	24	(not equipped)	1981
55-611146	(not equipped)	0	975	16	(not equipped)	1969

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
ADWR No. 55-611142 (Leased from Town of Sahuarita)	1800	2.835

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	1	395	
20	1		
25	2		
30	1		
40	2		
50	2		
75	2		
100	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000	1	5,000 gallons	6
1,200,000	1		
350,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME SAHUARITA WATER COMPANY LLC	
Name of System:	ADEQ Public Water System Number: 10-312

WATER UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		5,805
5		
6		26,507
8		189,504
10		
12		61,970
16		9,054
24		7,163
Mains are mostly PVC		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	4,701
3/4	675
1	122
1 1/2	19
2	76
Comp. 3	1
Turbo 3	17
Comp. 4	1
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2,000 gpm Arsenic Treatment Plant

STRUCTURES:

Fences, walls and gates surrounding wells, reservoirs, booster and arsenic treatment plant. Modular office building to house offices.

OTHER:

Three (3) generators: One (1) at Booster Station #1 (400 kw) , one (1) at Booster Station #2 (230 kw), one (1) at Treatment plant/Well #23 (500kw)

23 Sample Stations

SCADA-5 Remote Terminal Units (RTU's), 1 master RTU, 1 SCADA master HMI computer and server.

Automatic Meter Reading Equipment (AMR) – 2 Hand held readers, 1 vehicle Gateway Base Station, 1

Vehicle Transmitter Unit (VXU), 1 Laptop computer

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: SAHUARITA WATER COMPANY LLC	
Name of System:	ADEQ Public Water System Number: 10-312

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	5,534			
FEBRUARY	5,532			
MARCH	5,547			
APRIL	5,544			
MAY	5,545			
JUNE	5,549	SEE ATTACHED		
JULY	5,559			
AUGUST	5,571			
SEPTEMBER	5,570			
OCTOBER	5,587			
NOVEMBER	5,590			
DECEMBER	5,596			
TOTALS →				

What is the level of arsenic for each well on your system? _____ mg/l

(If more than one well, please list each separately.) See attached for arsenic level at our centralized arsenic treatment plant

If system has fire hydrants, what is the fire flow requirement? 2,000 GPM for 4 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

(☒) Yes (☐) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(☒) Yes (☐) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(☐) Yes (☒) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

WATER USE DATA SHEET

W:\ACC\Annual Reports\2014\2014 Water Pumped